

MINUTES OF EVIDENCE

TAKEN BEFORE THE

SELECT COMMITTEE OF THE HOUSE OF COMMONS

A F F A I R S

OF

THE EAST-INDIA COMPANY,

FEB. 20th to AUG. 15th, 1832.

II.

Finance and Accounts—Trade.

LONDON

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JAN. 1833.

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MINUTES OF EVIDENCE.

Lunæ, 20^o die Februarii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

Mr. JAMES PENNINGTON, called in and examined.

II.
FINANCE.

20 February 1832.

Mr.
James Pennington.

You have been for some time past occupied in examining the East-India accounts?—For the last two months a considerable share of my attention has been given to those accounts; previously to that time I had no knowledge of them. What accounts have you had before you?—The finance papers presented by the Governor's command, and the continuation of them; the Reports of 1811 and 1812, their Appendices, and the India budget accounts since 1810.

Have you found any material difficulty in understanding these accounts?—I find no difficulty in understanding the tabular statements of the revenue and expenses of India; but on comparing the results they exhibit, with the augmentation of the India debt bearing interest, and the debt not bearing interest, I found very apparent discrepancies as to render it extremely difficult, or rather impossible to reconcile the one with the other. After many ineffectual attempts to discover the cause of these discrepancies, I found that the statements were to be taken merely *as* statements, not as accounts; and that they do not furnish the means of accomplishing the object I aimed at.

Do you mean the increase and decrease of debt?—In comparing the result of income and charge with the increase or diminution of debt, combined with the variations which have taken place in the treasuries of India, and the advances made in the land, I expected to have found that the results would have agreed with each other.

Do you mean that you expected the results to show whether there had been an increase or decrease of debt, according as the revenue was affected?—Not the revenue only, but all the income and outgoings of the Indian treasury.

Will you state further what course you then pursued?—I made out a *pro forma* statement, with the intention of showing how it appeared to me an account might be made out that would show in what way the state of the Company's affairs at one period was necessarily connected with their state at a subsequent period, by an unbroken chain of receipts and disbursements. I was informed that such an account could be made out, but that it would be a work of considerable time and labour. At the same time, I was told I should be furnished with abstract statements of the cash accounts of the three presidencies in a very short time.

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*Mr.
James Pennington.*

7. Did you obtain copies of these abstract statements, and did they enable you to overcome the difficulties you have mentioned?—Copies of the abstract statements were furnished; they did not enable me to overcome the difficulties I had previously experienced, but they enabled me, by collecting the items they contain, and arranging them under their respective heads, to arrive at the results that are stated in a memorandum which I believe has been submitted to the Committee.

8. Have you any reason to question the general accuracy of the finance statements?—I have no reason to question the accuracy of the statements, when considered merely *as* statements; but these statements are not accounts, and do not afford the means of ascertaining what is the actual condition of the Company's affairs at any one period, still less do they afford the means of checking the results by bringing them to the test of a balance.

9. Explain what you mean by statements?—My meaning will perhaps be best explained by an instance. Two statements may be drawn out with a view to illustrate the particular matters to which they relate, and each may contain items that are common to them both: if the results the statements exhibit were to be taken as matters of account, those items, it is obvious, would be taken twice over; they are statements, not accounts: or if a statement of the revenue and charge contained all the income and disbursements of the Treasury, I should call it an account; if it comprehended only part of the outgoings and the income of the Treasury I should call it a statement.

10. Did these actual amounts, stated to have been paid and received, appear to be actual payments, or only estimates of payments?—They are most likely actual payments; I am not exactly able to say that such is the case, but I have no doubt they are actual payments.

11. Did the heads of these statements correspond with the heads of accounts in India in the general books?—I apprehend these are only abstracts from general accounts, and not intended to fall exactly under the same heads of account as exist in the India books.

12. The results are rather consolidated than aggregated in these statements?—The English receipts and payments are sometimes consolidated rather than aggregated with the receipts and payments in India.

13. Do you think you have got all the accounts sent home from India to England; or is there anything yet to be brought forward from the time you commenced?—My investigation has been chiefly confined to the accounts since the commencement of the present charter.

14. In the answer to question 5680, in the Second Report, it is stated that the increase of the register territorial debt of India, from the commencement of the present charter to the 30th of April 1828, was 12,603,914*l.*, to which if there be added the amount of surplus profits applied to territorial purposes, 4,923,020*l.*, and the advances from the commercial branch, 3,184,000*l.*, the amount will be 20,710,934*l.* The territorial deficiency for the same period is stated to be 19,825,027*l.*; the difference between these sums, 885,907*l.*, remains to be accounted for, as an increase to the territorial assets since 1814; is this, in your judgment, a satisfactory account of the matter?—That is the only attempt at anything like a balance statement that I have yet seen. If it had been distinctly

shown

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Mr.
James Pennington.

shown of what the 885,907 *l.* consisted, and that that asset was the necessary result of the circumstances stated in the question, I should then consider the explanation satisfactory; but when it is recollected that the balance in the Indian treasury in 1828, the period to which the question extends, exceeded the balance in the Indian treasury on the 30th April 1814, by nearly three times 800,000 *l.*, although that circumstance alone is not sufficient to invalidate the result, it is enough to induce a wish that it had been more satisfactorily explained, and more distinctly accounted for.

15. Did you take all the Indian treasuries, or one?—The whole of the Indian treasuries. The difference is stated to be 885,907 *l.*, to be accounted for by a supposed increase of territorial assets. If it had been shown that the increase was exactly 885,907 *l.*, that it was neither more nor less than 885,907 *l.*, it would in that case appear to be the necessary result of the conditions involved in the question, and the explanation have been satisfactory.

16. What was the first statement of stock by computation, laid before Parliament after the commencement of the present charter?—The first account of stock by computation, was to the 30th April 1815, in so far as respects England; and to the 30th April 1814, in so far as respects India.

17. What is the balance of the account?—The balance against the Company on the whole of the concern, 2,611,311 *l.*

18. What was the balance of stock by computation on the 1st of May 1813?—That account shows a balance against the Company of 7,773,493 *l.*

19. These accounts are drawn out in respect to India on the 1st May 1814 and on the 1st of May 1812; and with respect to England, on the 1st of May 1815, and on the 1st of May 1813, are they not?—Yes, they are.

20. By comparing the two with each other, there is an improvement in the general concern of upwards of 5,000,000 *l.* between 1813 and 1815. Can you account for this great improvement in that period?—I am unable to account for it. It appears to me extremely desirable that the principle on which the commercial property was separated from the territorial at the commencement of the present charter should be explained. In these two years the surplus revenue was not much more than 100,000 *l.* The more favourable appearance of the balance is far too great to be accounted for by the accumulation of surplus profits in so short a period of time. These accounts of stock by computation may both be right. It is certainly desirable to be able to account for the difference by a regularly balanced account, showing what occurred to produce it in the intervening period.

21. Did you inquire whether the principle of computation in 1813 and 1815 was the same?—I have no means of ascertaining that point. I apprehend it must have been the same, but I can only judge from what appears on the face of the printed statements laid before Parliament.

22. Do you not know in what items, either in the debtor or creditor side of the account, the principal difference appears?—In the accounts of stock by computation previous to the commencement of the present charter, the commercial debts and assets were not separated from the territorial; the results only, therefore, can be taken as the points of comparison.

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Mr.
James Pennington.

23. Are we to understand that you saw nothing in the commercial profits of the Company that could warrant so great a difference as five millions, while the surplus revenue was only 100,000*l.*?—No; and hence the necessity of showing, by a regularly balanced account, in what way so extraordinary a difference was produced.

24. Have you looked at the commercial accounts laid before Parliament; there is one showing the profits from 1813 to the present time, and the account balances as nearly as possible with the sums that the Territory owed to the Commerce?—I think that statement commences in the year 1814, not 1813. In the account of stock by computation for 1814, the amount of commercial property is stated to be 17,482,521*l.* In the account of stock by computation for the following year, 1815, the amount of commercial property is stated to be 20,302,764*l.* These two amounts may both be very correct, and I have no reason to suppose they are not so; but it would be very desirable to know in what way the commercial property had increased in the course of one year to the extent of 2,800,000*l.* and upwards. In 1813, the commercial property was not separated from the territorial; the year 1814 was the first in which that separation was made. There is therefore no means of comparing the commercial property in 1813 with the commercial property in 1815.

25. You have found nothing in the accounts you had before you to explain that difference?—No. I understand that a balance statement is in the course of preparation at the India House, which it is likely will clear up all doubts and difficulties. All that is wanting is a balanced statement of accounts.

26. Have you seen a letter dated the 9th of February, addressed by the Board of Control to the India House, requesting certain statements?—I apprehend I have; but I am not sure as to the date.

27. Is this the letter [*handing it to the witness*]?—I have seen this letter.

28. Have you also seen this [*showing another*]?—Yes.

29. Do you conceive, if the accounts therein required were furnished, you would be able to make up a series of accounts in the manner you have stated to the Committee?—I think I should.

Jovis, 23^o die Februarii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

HOLT MACKENZIE, Esq. called in and examined.

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Holt Mackenzie,
Esq.

30. IN what year did you go out to India, and what public situations have you successively filled up to the period of your leaving it?—I went out in the year 1808, and after being about a year in the College, I was attached to the Sudder Dewanny and Nizamut Adawlut. In that court I was employed first as an assistant, then as a reporter of civil and criminal cases, then as deputy registrar and translator of the

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*Holt Mackenzie,
Esq.*

the Regulations into the Persian and Bengalee languages. From that office I was appointed Territorial Secretary to the Government. In 1826, I went up to the Western Provinces, as Secretary to the Governor-general. I remained about 20 months in the interior, for a considerable part of which I was separated from his Lordship, being appointed a supernumerary member of the Board of Revenue; and during the whole time, it was specially made my duty to communicate with the local officers of Government, upon the subject of the internal administration of the country, and particularly regarding the settlement of the land revenue. I have visited most of the districts of the Western Provinces, and Benares and Behar, but I never had charge of a district. During the period for which I held the office of Territorial Secretary, I was a director of the Bank of Bengal, a member of the Mint Committee, of the Committee of Records, of the Committee of Public Instruction, of the College Council, and of several temporary committees, which probably I need not mention.

31. Were you at the College in this country?—I was.

32. For how long did you fill the office of Territorial Secretary in Bengal?—For about 15 years.

33. What are the duties of that office?—The office was divided into two branches. In the financial branch, it was my duty to conduct all the correspondence of the Government relative to matters of finance. I had chiefly to correspond with the Accountant-general, but also occasionally with other officers, and with individuals regarding the public loans, or other questions of finance affecting individual interests. I had likewise to concert with the Accountant-general the means of raising funds necessary for the public service, and generally to offer advice to the Government upon financial questions. In the revenue department, my chief duty was to correspond with the several Boards who superintend the different branches of revenue, and to concert with the Boards the means of improving the revenue, or the was relating to revenue. On particular occasions I had also to correspond with individuals; and all petitions to Government on matters relating to the revenue were received by me and disposed of under the orders of Government. I should perhaps explain, that for almost the whole of the time during which I held the territorial office, it embraced the whole of the land revenue, salt, opium, customs, and the excise, in fact every branch of revenue except the post-office. Subsequently there has been a new arrangement of duty, and the excise, stamps, customs, salt and opium have been transferred to the general department. It was the duty of the Secretary, in regard to all charges belonging to his own department, to give his opinion as to whether they should be admitted when new charges were proposed, or new establishments recommended by the different Boards. With regard to the charges in the other departments, he had no distinct responsibility, and no power of control; and his being consulted in regard to such charges depended chiefly on the personal discretion of the secretary of the department, and the degree of familiar intercourse which might pass between them. Latterly, the Government having resolved on the appointment of a financial committee, with a view of a revision of all the establishments, it was the duty of the financial secretary to submit to the Governor-general his views of the best means by which he thought such a revision in all the departments could be effected. The resolution constituting a financial committee

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Wm Mackenzie,
Esq.

committee of revision, and prescribing their duties, was drafted by the secretary as a part of his duty, submitted to the Governor-general in Council for his approval, and, as approved, put on record. The financial secretary was also *ex officio* director of the Bank of Bengal, which is partly a government concern, and partly maintained by private subscription; and, if elected by the directors, he was also president, but not necessarily so. During a part of the time I was president. For the greater portion, the Accountant-general was president. He is also *ex officio* member of the Mint Committee. Of the Finance Committee above-mentioned, I was a member by a distinct appointment, as may be seen from the government resolution.

34. Have you read the Financial Accounts submitted to the House of Commons by His Majesty's command, in February 1830?—Yes.

35. Particularly Nos. 1 and 2, with the appendices and explanatory statements given by Mr. Melvill on the 7th June 1830?—I have examined those statements.

36. Do you consider these accounts, as explained by Mr. Melvill, sufficient to enable the Committee to obtain a complete view of the financial transactions of the East-India Company during the period in question?—They do not seem to me sufficient for that purpose.

37. In what are they defective, and how does it appear to you the defect may be best supplied?—The statements submitted by Mr. Leach are abstracts of those furnished to Parliament annually. I should say they are statements, not balanced accounts. They appear from Mr. Melvill's evidence to require very considerable adjustment, in order to make them show accurately the revenue and charges of the Government; and in regard to one item of this adjustment, which Mr. Melvill has added to the charges of India, viz. 1,300,000*l.*, being the amount allowed as due by His Majesty's Government, in liquidation of old demands of the Company against the Crown, and applied with a sum actually advanced from the home treasury to the discharge of the debt due to the public, I apprehend there is some inaccuracy. It seems to me that that sum cannot be correctly entered among the charges of India, in a statement purporting to show the deficit or surplus of the territorial revenues.

38. Do you mean the adjustment of the military balance by the commissioners, of which Mr. Lushington was one?—I do; I forget the date.

39. In 1822, was it not?—I believe so; it was a compromise between the Company and the Crown; and in regard to that part of the transaction, I should apprehend that the proper charge against the territory would have been the amount which India had demanded from the Crown, as money advanced to it, minus the sum which the Crown admitted. Supposing, for instance, that the Indian Government had advanced 2,000,000*l.* to the Crown of England, and that the Crown objected to 700,000*l.* of the charge, but admitted the 1,300,000*l.*, it strikes me as clear, that the Company having advanced 2,000,000*l.*, and the Crown only having admitted the propriety of the advance to the extent of 1,300,000*l.*, the 700,000*l.* advanced, either without authority, or without vouchers enabling them to establish the authority, must be written back as a charge upon the Indian revenue, and no longer stand as a supply to London. Therefore, I apprehend, the proper mode of bringing the 1,300,000*l.* to account was, to have treated it as a receipt from India, and to have set against it all charges made by the Indian Government
against

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*Holt Mackenzie
Esq.*

against the Crown, on account of which it was received, writing back the balance in the account of Indian revenue and charge, since any excess in the sums for which India credits itself in the London account, beyond what the London branch recovers, must fall upon the revenues of India like any other loss; and any excess recovered on account of old claims should similarly be added to the revenue. I observe no attempt, in any part of the papers submitted to the Committee, to make such an adjustment of the account between India and London, or to show how far the charges made by the Company and their government in India against the Crown have been liquidated by the Crown or not. That seems to me to be a fatal objection to the Committee's admitting the sufficiency of the account; and I consider it inaccurate to place amongst the charges of India, under the head of revenue and charges, sums paid in liquidation of debt. The question put to Mr. Melvill, I should observe, and his explanation, was directed to the point of showing whether the revenues were sufficient to meet the charges, or in what degree they were deficient. It is to that point I now particularly direct what I am saying, in stating the inaccuracy of bringing the sums in question among the charges of India. The mode of adjustment will not affect the amount pending between the Company's commercial and territorial concerns; because, if the Company advanced money from the commercial funds to liquidate territorial debt, it will still be equally a claim by the commercial against the territorial department: but the payment of the debt due to the public is a separate concern from the settlement with the King's Government, though simultaneously adopted, and should, I conceive, be separately exhibited. And it appears to me erroneous to add the sum advanced by the commercial department, in liquidation of territorial debt, to the charges of India; because what we disburse in payment of debt in India is never included among the charges of the year; it stands in a totally separate account, the debt account. If it were included among the charges of the year, it would necessarily mislead the Committee in calculating the sufficiency of the revenue to meet the charges. The sum disbursed in repayment of the loan of 1812, ought therefore to be brought under the head of debt, not of revenue and charge.

40. In one year, 1,300,000 *l.* more was put to the charges of the year than ought to have been placed to that particular head?—I apprehend that the charges have been erroneously enforced, but the precise sum can only be known by an adjustment not yet exhibited.

41. Does your observation apply to the insertion of the sum of 1,300,000 *l.* under the year 1822-3, in Mr. Melvill's adjusted statement, to be found in page 764 of the 2d Report?—Yes, to its being precisely that sum. There is further an objection to the accounts in question, to be drawn from the statement which Mr. Melvill makes, that upwards of 885,000 *l.* remains to be accounted for as an increase on the territorial assets. Now I should conceive it quite impossible for the Committee to receive any such explanation for so large an item, there being no account brought forward to show that the increase of territorial assets corresponds with that sum; nay, the fact being before them, that the increase of cash in hand in India is greater than the sum so stated to be accounted for. Therefore, I apprehend that Mr. Melvill, in stating this account, has not intended to state an adjusted balance, but merely the difference between the receipts and disbursements specified

by

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*Holt Mackenzie,
Esq.*

by him, and that he mentioned the increase of assets as a probable cause, but not as an ascertained cause. My notion is, that an account fit for the Committee to receive ought to be completely balanced to a shilling, and that until accounts so balanced are submitted to the Committee, it must be regarded as insufficient for its purpose. I regard the whole of these statements as incomplete on this ground; but I believe every thing that is necessary will be done when the gentlemen at the India House furnish a complete reply to the questions put to them from this office, which I have had occasion to see.

42. In India, all your accounts are balanced to a shilling?—Yes. I do not imagine there ought to be any difficulty in furnishing every thing necessary.

43. Is there not a difficulty in the transfer of treasure from one portion of India to another in keeping exact accounts, or do you make up your accounts, as you now say, balanced to a shilling?—There will then remain a specific sum under remittance. For instance, Bengal will debit Madras with the sum which has been sent or remitted: if that sum is at sea, there will be an excess of debit by Bengal to Madras, and a minus credit by Madras: that does not affect the balance of account; it leaves an asset afloat; the answer simply will be, there is such a sum under remittance. It is very possible that a large portion of the 885,907*l.* may be similarly accounted for; but it is surely not enough to say, that the sum remains to be accounted for as an increase to the territorial assets since 1814, without showing distinctly that it is so. With the highest respect for Mr. Melvill, I apprehend that there must be some inaccuracy in the reply, and that it must have been given merely as it occurred to him at the moment, not as the result of a reference to actual accounts. I hope I may not be considered as in the least doubting the accuracy of accounts kept both in India and England; my present impression is quite the contrary, that they will be found to be kept on the strictest principles; but the statements hitherto submitted to the Committee and the Houses of Parliament do not seem to me to answer the purposes which the Committee must have in view, in submitting a complete statement of the financial transactions of the East-India Company.

44. From the situation that you held, of course all the despatches which went from this country in the financial department, where the adjustment was generally made between Territory and Commerce, came under your view; did it appear to you that the view taken in this country was correct?—In all matters of account, I think it was generally correct.

45. If it had appeared to you that there was any part of it incorrect, it would have been stated probably to the Home Government in answer to the financial despatch?—The usual process in these matters was to refer them to the Accountant-general; the Government had not the accounts, and did not profess to be accountants. The offices of account were quite distinct from the office of territorial secretary; and the adjustment of matters of account were generally left to the Accountant-general.

46. But from your explanation when you first came into the room, it was thought you had paid more minute attention to finances and the detail of them, than was supposed you could have done from your territorial occupation?—I had no interference at all with the detail of keeping accounts; the Accountant-general's office was

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was quite distinct from mine; but if he required an order from Government as to any particular point, I was the organ of communicating such order. In several cases, especially in adjustments between Bengal and the subordinate presidencies, there were questions as to how certain items should be charged, these he referred to Government, and I was the organ of communication; until he put the question, the Government could not, and did not, exercise any control in the mode of keeping the detailed accounts. The books containing them were transmitted to England without being read or looked at.

47. But the Government abroad considered themselves answerable for the correctness of the views taken by the Accountant-general?—They were answerable certainly in selecting a proper man, and for views brought to their knowledge and sanctioned by them.

48. Have you seen the financial letters from this country of 1827, 1828, and 1829, where a general review of the financial state of India was taken?—I must have read them before I left Bengal; I have not read them since then.

49. Have you a sufficient recollection of their contents to say whether you concurred in the view taken in those letters or otherwise?—At the present moment, I do not recollect the points sufficiently to say that there was any view particularly from which I dissented.

50. Have the territorial revenues been sufficient to meet the territorial charges during your stay in India?—No, there has been a large deficit.

51. How far have they proved deficient?—I beg to refer to Mr. Melvill's statement, as more accurate than any I can pretend to give, with the exception of the 1,300,000 *l.* item.

52. What are the causes to which you chiefly attribute the deficiency?—An increase of charge in all the departments.

53. With the exception of the 1,300,000 *l.*, have you examined, and believe to be correct, the statement of Mr. Melvill with respect to the territorial revenues and charges?—As I have already observed, without more detail, and having the accounts accurately balanced, those especially between London and India, I could not say I am satisfied they are accurate; my belief that they are so must rest on the high opinion I have of Mr. Melvill. I think he is mistaken in regard to the mode of adjusting the accounts of that transaction. That is the only point I can lay my finger on.

54. Without answering for details of figures, are you of opinion that the account is drawn up on proper principles as to the distribution between territorial and commercial?—I see no other thing to object to; upon the understanding (and the point is beyond my competency to determine) that the interest of the territorial debt is properly charged to territory, as seems to have been long settled; that of course is an important subject.

55. Are you aware that in the advances made to Commerce from Territory, any interest account was kept?—I believe no interest is charged in any of these statements.

56. Does it appear that Mr. Melvill makes any charge of interest on the advances from Commerce to Territory?—It would appear not; and in saying that his statements are correct, I should further explain, that I do so supposing that the principles

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ciples of adjustment settled between the Board of Control and the Court of Directors are admitted to be proper. If I were to presume to give an opinion as to the rate of exchange, I should say that the orders of the Board were unreasonable in fixing the rate as they did. It is a very important item; for the commercial branch would appear to have a large demand against territory on account of remittance, as it has also possibly on account of interest.

57. Will you state your opinion as to the practicability of bringing the territorial charges made at home and abroad within the territorial revenues?—My impression is that they may be so brought; but at the same time it would be very bold to speculate with certainty on a result at variance with that of the past, and depending on the management of so large an empire.

58. Do you think it probable that the deficiency of 800,000*l.* estimated by Mr. Melvill can be supplied?—I think the reduction ordered by the home authorities and the local government, in addition to those for which he has taken credit, will be sufficient to meet that, if no new charges arise which are not estimated.

59. Do you consider it necessary or expedient that India should bear upon England for any pecuniary aid?—The necessity of course will depend on the sufficiency of the Indian revenues. With the impression that these revenues ought to suffice for the necessary charges, I should say it is not expedient to allow the local government to hope for any assistance from home, because I apprehend there is always great danger of all governments spending as much as they can easily get.

60. You include the advances in England in territorial account?—Yes; I include the whole concern at home and abroad.

61. What is your opinion of the Indian empire continuing in that state of quiet as to encourage probability of an estimate as to expenditure being correctly stated for some years?—The danger of internal insurrection is one of the items of uncertainty in any prospective calculation. But I believe that the extraordinary expenditure incurred in putting down internal insurrection has been small. Our military expenses beyond the fixed establishments have been chiefly incurred in foreign wars; and presuming good government, I should not make any great allowance for its internal disturbance; at the same time, it is a very important item, and not to be overlooked. In Bengal Proper there is little chance of insurrection. In the Western Provinces there is serious danger of insurrection only from bad government. On the Bombay side of India, there is much less certainty of internal quiet. The Mahrattas may be there regarded as a conquered nation. Elsewhere we have, generally speaking, displaced governments, themselves strangers. The Rohillas may indeed be regarded as a band of conquerors whom we conquered; but they are not very numerous; and all military and unsettled tribes are likely to become more quiet every year. I do not therefore, as already stated, apprehend any serious danger of insurrection in any portion of the Bengal territories. Nor in the Madras territories Proper am I aware of any great cause of alarm, provided the Northern Cirkar men are well managed, and the people of the other provinces are not oppressed with severe exactions. If the question also includes the protected states, a larger allowance must be made for occasional disturbances. I think our relations with these protected states are not very satisfactory, and not calculated to lead to good government. Now just in proportion as good government fails, is the chance

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chance of insurrection. Of all people in the world, I think the people of India are the easiest governed.

62. Has not Bengal and Orissa been free from insurrection for 40 years and upwards?—I do not remember any insurrection within that period in our old possessions. There were disturbances in Cuttack, which forms part of Orissa, but the insurrection there I conceive to have been occasioned by great misgovernment; for things were exceedingly ill-managed in the revenue department, and the judicial administration was abominably bad. I do not remember, as far as Bengal is concerned, any disposition to rebellion on the part of the people, where the fault was not decidedly on the part of the Government.

63. Then it is your opinion that bad government can alone be the cause of rebellion?—Certainly so: speaking of Bengal, and excluding times too distant for any financial estimate.

64. Do you not consider that the possible event of war with the frontier powers or territories might also derange the calculation of the revenue of India founded on a peace establishment?—It will most essentially derange any calculation which does not provide for considerable reduction of debt in time of peace. Unless the Government have a large surplus applicable to the payment of debt during peace, any calculation founded on the sufficiency of the means would be utterly falsified by the occurrence of war. The chance of war seems to be diminished very greatly by the arrangements of Lord Hastings. There is now no enemy, properly so called, within the whole peninsula of India. We formerly had a territory not only surrounded by, but nearly surrounding, an hostile country; the Mahrattas and Pindarees being in the centre: and to the north-east, a large portion of the extensive range of hill-country which was occupied by the Goorkhas, is now in our possession. In the Burmese war, I hope we derived a sufficient lesson to avoid war again in that quarter; or if unhappily we are driven to it, that it may be attended with less expense. On the north-west, a line drawn from about Loodiana on the Sutledge to Scind, is the only hostile frontier that now remains; and to the north-east and east we have little, I think, to apprehend. With respect to the Madras Presidency especially, it is to be observed that, excepting the sea-shore, in case of war with a maritime power, they have not a single mile of frontier to guard against an external enemy; their force in the Nizam's territory, like that at Nagpoor, being for purposes of internal quiet. On the whole, I am of opinion that the danger of a war is much diminished; at the same time, it would be utterly improvident not to make provision for the discharge of debt in time of peace; and I should think India insolvent if it had not the means of doing so.

65. Suppose any internal insurrection took place in the Nizam country or Nagpoor, or any of those protected states, would not the movement of the troops necessary to bring the country to subjection be expensive?—It certainly would be expensive, but I do not apprehend any very large expense.

66. Would it not depend on the distance you had to move your troops?—Yes, and also on the nature of the insurrection to be put down.

67. From the casualties of this kind within the last 20 years, may not some reasonable estimate be formed of the allowance you ought to make for putting down such commotions?—I am afraid not a very accurate one. I think the future

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expense ought to be less than the past. At the same time, very much must depend on the practical decision of the grand question of interference or non-interference in the concerns of the protected states. If, neglecting the people, we attend too much to our supposed obligations to the princes, there will, I conceive, be great danger of internal commotion. But it is monstrous to suppose that the British Government can long continue to keep on their thrones foreign princes, like the King of Oude for instance, and at the same time allow them to tyrannize over their people.

68. Your opinion seems to be against our interference with tributary states, or entering into engagements such as that you have alluded to?—I do not think it desirable to enter into such engagements. But the thing cannot be undone; and in the case of Oude especially, the whole ceded territory was given as a consideration for our protecting it. At the same time, as the Marquis Wellesley clearly foresaw the necessity not only of interfering with advice, but compelling that advice to be observed, and that if we held the sword for the sovereign, we must constitute ourselves the judges between him and his subjects, there is, I think, no difficulty as to our right of interference in this case. But we must, I apprehend, very decidedly interfere to compel him to do justice; it being quite hopeless to expect he will do it of his own accord.

69. Is it possible for any government to maintain the civil government for any length of time and not have a power over the army?—I think the degree of control might be so limited as to leave the sovereign still very great authority over his country, supposing him to be at all fit for it; but I am afraid that the character of the present King of Oude is such as totally to unfit him for the exercise of any real functions of sovereignty; and the same remark would apply to the late king. In the case of the Nizam, perhaps we went too far in maintaining a minister against the will of his master, though there too, I believe, little was to be expected from the prince; and where the prince is a Mussulman and a stranger, a large degree of interference seems to be unavoidable. The case may be different with a prince governing people of whom the majority are of his own tribe. Thus in Bhurtpore, the Raja will probably manage his little country as well as any English judge, with very little interference. The Rajpoots are an exceedingly troublesome race, and it is not easy to say what may be done by interference or non-interference. In the case of the Mussulman princes of Hyderabad and Oude, I consider the case to be clear. We must interfere to compel them to do justice.

70. Supposing a war to break out now, do you suppose it would require more than a month to put the whole down?—I should think a short period and small force would suffice for any disturbances likely to occur in the dominions of those princes whom we protect.

71. Are there not instances in which you have been guarantees for their debts?—We were guarantees in the case of the Guickwar. We interfered at Hyderabad so as to pay off debt, and there is a question about the claims of certain bankers against the Oude state, which has not yet, I believe, been decided. In speaking of the possibility of meeting the charges, I should rest more on the latest estimate from Bengal than on any opinion of my own. Here is an estimate for the year 1830–31, which ends in April 1831, prepared as late as March 1831, which shows their expectation of a net surplus in India of one crore, eighty-five lacs, twenty-one thousand,

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thousand, seven hundred and ninety-five rupees. The charges appear to include stores, and therefore the surplus is to be set against the other home charges, which may be considered about a million and a half sterling, exclusive of stores. The surplus stated would be, at the rate of 2*s.*, 1,852,000*l.* There is a receipt of 6,00,000 rupees from Ava; but in the proper revenues of this year I do not see any thing that may not be reckoned upon in future, except the opium; that branch of revenue, it must be acknowledged, is very uncertain. Supposing it to be maintained, I should consider this estimate to afford good ground for calculating on a satisfactory state of things hereafter; for there are many reductions actually resolved upon, of which the effect cannot be fully shown in it; and I am of opinion there are means, especially by the substitution of native for European agency, of effecting reductions to a considerable extent beyond what the Government have resolved upon.

72. State your opinion of the causes of the uncertainty you consider to attach to opium revenue?—The opium revenue depends entirely on the demand in China; and we have now no monopoly of the supply to China. It can be supplied to a certain extent from Turkey, which is quite uncontrolled; and also from Malwa, subject to a very inefficient control; but at the same time it can be manufactured at Bengal considerably cheaper than at Malwa; and as the demand of the Chinese has outstripped all expectations, I see no sufficient reason for anticipating a failure, although it must be admitted that a calculation resting on the demand of a foreign market, of which foreign market we have not the exclusive supply, cannot be matter of certainty.

73. In your letter, you have stated an opinion respecting the transit duties payable in India; we wish to ask your opinion generally as to the result of withdrawing all these transit duties within the limits of the Company's territories?—I think in the first instance there would be a considerable sacrifice of revenue; but if other customs were substituted, I conceive a great part of the immediate loss might be made up, and that it ultimately would be very advantageous to the country.

74. How would it be made up?—At Calcutta, as well as at Madras and Bombay, the customs might be considerably added to, by additional duties on various articles of import.

75. Imports by sea?—Yes.

76. In your letter, you observe there are many minor sources of revenue which are attended with a large per centage on the collection?—Yes.

77. Are you of opinion that it would be for the general advantage of the country to get rid of these minor items of revenue, the collection of which is so expensive?—If the question refer to the transit duties, I should say, that to these the objection is not so much the charge, although that is a serious objection, but the great annoyance they occasion; the separation of different parts of the same country by an arbitrary line of custom posts; the risk of putting a stop to a good deal of trade that might be profitably carried on from province to province, to say nothing of the increase of cost upon every thing that is brought to Calcutta from a distant province, in consequence of its having to run the gauntlet of 20 or 30 custom-house stations, at which it is impossible to suppose that money is not often taken, and at which delay and vexation are at any rate certain.

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78. Have you any observation to make on the Abkarree collection, which you allude to in your letter as being attended with uncertainty and expense?—I think it is a growing revenue and not objectionable, although collected at a considerable expense.

79. Has it not generally been the direction of the Home Government to abolish the transit duties as soon as the Government in India possibly could carry it into effect?—I do not immediately recollect any general order of that kind. In regard to particular articles, there was such an order: cotton and cotton piece-goods were proposed to be exempted; but the Government at home expressed itself favourable to the scheme of getting rid of transit duties, if an equivalent could be secured.

80. You have stated that you think there would be a great reduction from employing native agency?—Yes.

81. In employing native agency, are you not obliged to employ a greater number to perform the same operations that Englishmen do?—No; I should apprehend the reverse; for instance, I think native judges are able to get through much more business than English judges.

82. At this time in Bombay there has been an enormous increase in the expenditure for native agency; is the deficiency of agency generally the cause, or what?—Part of that increase must, I think, be nominal; probably from the allowances to some inferior revenue officers being brought to account, which were formerly deducted from the revenue; but as the English establishment at Bombay could not be reduced at the same time that the natives were entertained, it is very likely there may be an actual increase. The effect of the arrangement at Bombay, when the supernumerary Europeans are got rid of, will, I doubt not, be a reduction of charge.

83. How far, in your opinion, can native agency be employed without the control of England?—I do not think that it can possibly be employed without control, the question strikes me to be precisely one of degree. I may illustrate it in the case of the judicial department. My notion is, that to set an Englishman in the midst of a million of people, and desire him to decide individual cases, is a system that must fail; he must either deny justice to the people by deciding one out of a hundred requiring decision, or he must decide in a most superficial manner. The same judge, with native subordinates, may, with very little comparative expenditure of time, sufficiently control an establishment of native judges to ensure a much better administration of justice than if he was to be himself employed in the immediate decision of individual cases. The true principle seems to be, that the English functionaries shall do nothing by themselves which they can make natives do; a judge of a district should be considered as governor of the district. In the case of appeals, nobody should be entitled of right to require him to go further into the investigation of facts than may be necessary to prevent wilful wrong: he should have a full discretion of ordering new trials; of referring from one judge to another; of making two or more judges sit together when he distrusts one; and of referring cases to the people themselves for decision by arbitration; he should constantly keep in mind, that his proper duty is to make the people do their own business.

84. In talking of employing natives in the specific departments of government, do you mean the financial as well as judicial departments?—In the revenue department, certainly; especially in the collection of the revenue of settled districts.

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I conceive that in Bengal the duties of a collector, in so far as concerns the mere realization of the government demand, ought not to occupy the European functionary above an hour or so in the day, if the natives are properly paid and properly trusted. I believe we might have native collectors who would collect the revenue just as well as it is now collected.

85. And you think they might be trusted?—Subject to the control of an English officer. They now in fact do a vast deal of business, which their superiors appear to do. Often, even when reports are called for by the Board, the matter being to be found by a reference to the records, is prepared by a native, while the English gentleman makes a translation of what the other states.

86. In fact, it is a mistake to suppose we could govern India without the natives?—Yes, it is merely a question of degree; I conceive that all English officers have been employed in detailed duties to an extent uncalled for by the circumstances, and which will be still less necessary if the natives be improved, as they are capable of being improved.

87. The result of your opinion is, that the finances of India would be much improved by the employment of natives?—I think so; I think natives are quite equal to Europeans in intellect.

88. Does any particular mode of education occur to you as a preparatory step?—The plan of the existing colleges seems to me to embrace every necessary education; but I should be glad to see more seminaries established by Government; one in every provincial town, for instance, and the system may doubtless be improved. But with the existing system and the existing establishments we may have a large supply of men admirably fitted for business.

89. In your letter you have stated certain advantages which you think would be derived to India, by encouraging the settlement of Europeans there; will you explain in what way you think the finances of India would be improved by such settlement?—I consider that every European who settles in any part of India must add something to the revenue; for he will be a profitable consumer, that is, he will consume articles capable of taxation. He will, I should hope, greatly improve the means of production, thereby adding largely to the general wealth of the country. His example will introduce among many of the natives some European habits, which are habits of greater comfort and expense than native habits; and without any change of habit in the people, the miscellaneous taxes must increase with the increase of wealth, and the more abundant production of the objects of internal and external commerce. In the unsettled districts, every improvement in agriculture must add to the land rent of Government. To introduce irrigation where it is not now practised, is to render highly productive land that is now comparatively unproductive; and since the rent of all waste land not specially assigned, belongs to the Government, there would be immediately, or at no distant time, an accession of revenue in all cases in which such land might be brought under tillage. I believe intercourse with Europeans leads to indulgence in the use of wine and spirits, which, though it may be lamented on the score of morals, must be beneficial to the revenue; their servants are generally better clothed, and the articles of clothing being subject to taxation, that would increase the revenue, and they would be better housed.

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90. In that part of India where the greatest number of British residents are found, has there been any increase among the natives in the indulgence of English tastes, fashions and habits?—Judging from Calcutta, there has been, I think, a very marked tendency among the natives to indulge in English luxuries; they have well-furnished houses, many wear watches, they are fond of carriages, and are understood to drink wines.

91. Are there many branches of native industry or commerce which you think might either be extended or introduced by Europeans with capital settling in India?—As far as my judgment goes, the manufacture of sugar appears to be very ill conducted in India, and the land fit for sugar-cane to be very abundant. I should conceive the produce of sugar might be extended by a better mode of manufacture, and, independently of foreign export, there is a very large demand for sugar in India. which would be extended in proportion as it is obtainable. In indigo, I have understood it takes at an average more than 40 beegahs to produce a maund of indigo; and the extent of country occupied by the indigo-planter strikes me as being excessive; but not being a farmer, nor having gone into details, I cannot speak authoritatively. The cotton of India is bad, and from experiments lately made, there is no doubt, if good seed was procured, that beautiful cotton might be produced abundantly. Tobacco might be even more probably improved.

92. Is not the result of your experience, that the commerce of the country, and consequently its finances, or the power of raising a revenue, would be improved by the accession of Europeans as settlers?—I should think very greatly, both as they would produce articles of consumption and commerce more abundantly, and as it would introduce better habits.

93. Are you aware of any danger from the residence of Europeans, likely to counterbalance the financial benefits you have stated were likely to arise?—My own opinion is, that instead of danger, there would be additional security from any number of Europeans likely to visit India.

94. How would there be additional security; would they become agents of Government?—I think most probably they would be very useful agents of police. They would be centres of information we now want, and would have great influence over those connected with them. They would be bound to us by a common feeling, except at a very distant period, if such a period ever should arrive, which I do not think it would, when they would be sufficiently strong to be independent of this country. There is a financial question I ought to have noticed, I mean the interest of money. The lowest rate of interest paid by the cultivators in the Bengal part of India is two per cent. per month; in general, the agriculturist pays much more, being under an agreement to give their crop to the money-lender at a low price. My impression is, that an European would be able to raise the necessary fund at a much lower rate. Natives of good credit do not charge more than six per cent. per annum in their accounts current; many are willing to take five per cent. from the Government.

95. In these cases of the loans, who are the lenders?—Generally village money-dealers, who combine with the business of money-lending that of being the first purchasers of sugar or grain.

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96. Do you suppose that natives of Great Britain indirectly, although prohibited to do so directly, advance money to the landholders on security of their estates?—I think some do.

97. Do you think it takes place largely?—I apprehend not very largely.

98. If Europeans were allowed to become purchasers of land, might or might they not in that way raise money from the natives on mortgage of their estates, upon which cultivation of various articles might be carried on in India, if they were so admitted?—There would be no difficulty in raising money on mortgage.

99. Would not that be an important means of increasing the financial powers of the country on any emergency, when local taxes might be requisite; would not the stamp revenue be improved?—The wealth, and consequently financial powers of the country, would certainly, I think, be increased. As pecuniary transactions extended, the use of stamps would no doubt extend; in short, there might be every thing probably in India that there is in England.

100. You have stated an opinion respecting the facility of collecting the revenue of lands that have been permanently settled; is it your opinion that that should be extended throughout the country?—Not that a settlement should be made in perpetuity.

101. What is the result of your observations as to the increased powers of taxation in those places where permanent settlements have been established, from others where a temporary settlement exists?—Bengal produces very largely in the miscellaneous branches of revenue; but I do not apprehend that, in order to have the same result in the Western Provinces, a perpetual settlement is necessary, a light assessment with long leases would have the same effect.

102. To what extent of lease do you consider the interest of the proprietor would procure a proper cultivation of the soil?—I think leases of 20 or 30 years would be sufficient.

103. Do you see no risk, from the latter four or five years of the leases, of the revenue being endangered, or would you renew before they expired?—I would renew before they expire; but I would also make conditions so as to ensure the party such a share in the benefit of any improvement he might make, as would stimulate exertion, and make his interests coincide with those of Government. The Government is indeed entitled, by strict law, to the whole rent, subject only to a right of occupancy: but this right may be partially conceded without establishing a permanent quit-rent; and the greater part of the Western Provinces being held by cultivating yeomanry, it seems only necessary to provide that they shall, at the end of their leases, share in any excess of revenue which may be demandable under the law, to make it their interest to push cultivation to the utmost. Just as in this country, if a landed gentleman were to give the old farmer a preference of 5, 10, or 20 per cent, that preference would be sufficient, without any stipulation as to crops, to induce him to push his agriculture to the utmost. In India, if we are not bound to do so, we ought to place ourselves under such an obligation, in order to give a value to landed property, and that the owners or hereditary occupants may have an interest in increasing the net rent. Without sacrificing the whole of the improving rent of the country, or confining the government demand to a fixed

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perpetual quit rent, it occurs to me as easy to give the cultivators such a share as will stimulate them to active exertions, and prevent anything like waste.

104. Would it not be of importance that the government of India should recognize the lending money on mortgage by British residents to natives, in order to promote good cultivation of the soil?—I think essentially so. This right would naturally follow, from admitting that of purchase.

105. Would not leases of some duration be necessary, in order to encourage the advances of capital on the security of the land?—Certainly, leases of some duration, and, what I conceive to be essential, a distinct right in some portion of the rent, which may be left to the owner of the land, without limiting the government rent to a fixed sum. Between the extreme case of taking the utmost rent, and that of receiving a small quit-rent, many intermediate measures might be adopted. In Bengal we have yielded too much, even if it had been given to the right men. Of various minor estates rented to farmers, under the Court of Wards, it appeared that the rents receivable on account of the zemindars were more than twice the amount of the government revenue; and, generally speaking, I should think that in our permanently settled districts, the zemindars, or persons who have contracted for the payment of the government quit-rent, have a net income considerably exceeding the revenue of Government.

106. In a financial point of view, you have stated, that by the increase of commerce, improved cultivation of soil, and other branches, the revenue might be increased; would not an expeditious mode of having justice, or of having the law of debtor and creditor speedily settled, contribute much to improve these branches of industry you have mentioned?—I think it would reduce the interest of money, which would be an essential improvement, and still more add to the readiness with which people would lend money.

107. Is not one of the great difficulties in the procuring of capital, the uncertainty and delay in procuring payment?—It must operate disadvantageously; the general impression being that our system is ill adapted for the prompt recovery of debt; but as far as concerns the great body of the people, the more immediate cause of the high interest they are subjected to, is their poverty and consequent bad faith. All people who are poor are faithless in the payment of debt.

108. Is it your opinion, that in proportion as Europeans could be induced to settle, the good faith of commercial dealings would extend?—I should hope so.

109. What are the classes of Europeans that you now propose should settle in India?—The classes I immediately contemplate, in addition to those already established, are men of good education and of steady habits, with little or no capital beyond that which would enable them to go to India, chiefly those who have friends or connections there. I am not very sanguine as to the introduction of capital into India by direct remittance, though it may be done to a certain extent by commercial speculators employing agents; but the freedom of settlement would, I think, have a most favourable effect on existing establishments. In the indigo factories of Bengal, the persons employed are often inferior in character to those who would have been employed if the system had been more liberal. It has become more liberal; but still there are frequently occasions in which the gentlemen who advance the funds for the manufacture are obliged to employ men whom they

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they would not employ, if they could, without restriction, send home for any one they desired to employ. I should think that there must be many that in such circumstances would have found their way to India, young men who have been in the West Indies, or who have been educated as farmers, merchants, or manufacturers at home, superior to the majority of those who are employed in the Lower Provinces, possessing practical knowledge of a kind to make them useful in India, and prepared by general education, speedily to acquire the language of the country; whereas of those who now manage indigo factories, many are men who went out to India in very inferior situations, and some born there, without good character or sufficient qualifications. What is wanted is superintendence and direction, with trustworthiness, in the conduct of agricultural and commercial concerns; and for this purpose there seems to be great scope for men of education, good character, and industry. Every European of suitable qualifications, character, and industry, who landed in Bengal, if befriended and supported for a short time, would, I think, become a capitalist by force of that character and industry; at the same time, speculators from home might also send out capital.

110. Are you aware of any difficulty that now stands in the way of a person of capital, or character, or connection, being prevented from going to India?—I believe the admitting them is made a matter of favour. I do not think gentlemen in Bengal understand that they can with any certainty write home to have persons sent out to them; and although licences have been very much more liberally granted of late, I do not think any man at home feels himself entitled to claim permission to go to India, on showing that he is able to pay for his passage to Bengal, and has the means of living there. In all cases, I believe it is made a matter of favour to let settlers go out. My notion is, that instead of its being a favour to allow an Englishman of education and character to go to India, his doing so should be regarded and encouraged as an advantage to the country; and I apprehend that the utmost liberality on the part of any government will not entirely remove the objection to the restrictions existing, although it may very greatly remove it.

111. You are of an opinion that there ought not to be an indiscriminate allowance of Europeans to settle in India?—My notion is, that in Bengal they should be allowed to settle indiscriminately. Some might go, unhappily for themselves, and perish, but the length and expense of the voyage would prevent many from doing so; and I do not think it is part of the duty of a government to keep men from running such a risk, if they think it is for their benefit; and in so far as the people of Bengal are concerned, I see no sufficient reason for restriction. In other parts of India there may be particular reasons for a contrary course; the new conquests on the Bombay side, for instance, stand in a different position; the Mahrattas, as I have said, are a conquered nation; the people are still comparatively strange to us. There are many chiefs whose characters have been formed under preceding governments. In Bengal we did not conquer the people; we merely set aside a government as strange as ourselves. The Bengalese have been under our dominion for nearly 70 years. In the largest portion, and every body having been bred up under our Government, the people are comparatively familiar with our ways. There, generally speaking, I see no risk of preponderating evil;

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but before Parliament opens the whole of India, or of any presidency or province, it would be wise to ascertain from the local governments whether there are not particular tracts in which the settlement of Europeans should be restricted or prevented on political grounds. My own opinion, in regard to all the provinces immediately dependant on the Presidency of Fort William, is, that there need be no restriction. In the plains, particularly of Bengal, Behar, and Orissa, which contain nearly forty millions of people, there seems to be no reasonable ground of restriction except from motives of humanity towards the adventurers themselves, which I consider to be misplaced.

112. In one of your answers to the questions of the Board of Control, you have said that if Europeans of capital were to settle in India, they would produce the articles of agriculture cheaper than the natives?—I am not immediately aware that I stated the matter positively; I meant at least to put it as a point of inquiry, rather than as a positive opinion. At the same time, my impression is that cheapness would ensue.

113. You are aware that the habits of Europeans naturally, from the climate, are considerably more expensive than those of natives under the same circumstances?—Certainly. It is only as superintendents that I conceive Europeans would succeed, not as labourers. But their superintendence, I think, would render the native labour much more productive; for although it is at present nominally cheap, it is exceedingly unproductive. Mr. Kidd, the Company's shipbuilder, considered, I believe, one European as equal, for his work, to six natives: it is a general complaint that the habits of the native workmen are lazy and irregular. But I have understood that at the establishment of Fort Gloster, in the neighbourhood of Calcutta, of which the proprietors hold an adjoining estate, they get labourers who remain fixedly with them, and who acquire superior habits of industry; and I doubt not, that by having a number of Europeans similarly settled, we should much improve the habits and condition of the native labourer; though physically he must always be inferior to the European.

114. You stated that the agriculturist pays at the rate of two per cent. per month for his capital, and that an European would give money on much easier terms. Are not, generally speaking, the zemindars, who possess our settled provinces, men of capital, who could carry the extension of agriculture to any extent they think proper?—A good many are men of capital, but many more are not. In general I should say, that, excepting rich men residing in Calcutta, the majority of the higher order of zemindars will be found to be spendthrifts, with no knowledge whatever of agriculture, and no care about it; thinking of nothing but extorting the utmost they can from the labouring tenantry. Such is my general impression of the character of the Bengal zemindars, not being themselves the owners of the land, but contractors for the revenue of land held by persons who claim a right of occupancy. There are doubtless exceptions.

115. What degree of education should you say they have generally?—The zemindars in the interior, in general, are very poorly educated. Those among them who are born to considerable estates have no very strong motives to educate themselves, or resist the temptations that beset them to indulgence in all kinds of pleasure. For the higher classes we have no situations of sufficient importance to induce them

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them to seek office from motives of honourable ambition. Indeed, the rank of office is not well assured to any native, and it has not hitherto been at all an object of ambition with the zemindars to enter into the public service. The responsibility of all offices open to natives is great, compared with the emolument; and the best candidates for office (many are men of exceedingly acute intellect) are usually very poor. Zemindars of rank generally avoid employment; and like most other men of rank, are too frequently given to vice.

116. State to the Committee what are the principal obstacles to prevent Europeans of character establishing themselves in various situations in India?—I think one great obstacle is, the necessity of applying for permission to the India House. It is partly a real difficulty, but operates still more to deter adventurers from apprehension of difficulty. No person now in Bengal can send for a young friend to superintend any new establishment. Another great difficulty is, they are not permitted to hold land. As India is an agricultural country, the refusal to permit them to hold land is a great bar, I think, to the extension of European adventure there. At the same time, I must say that my impression is, that it would be exceedingly difficult by any scheme, to get a sufficient number of Europeans to settle in India. But just in proportion as it seems difficult to get them in the desired number, it appears unreasonable to oppose any restriction to their going.

117. Is there any difficulty at present in the way of Europeans holding leases to the extent of 20 years?—Such leases can only be held avowedly under a resolution of Government, which imposes restrictions that have practically operated to prevent them from being taken to any considerable extent.

118. There was a period when the restrictions were removed, and the holding of land was opened to Europeans: did they take advantage of that period?—To a very small extent; the period was too short for the arrangement to have any effect.

119. What was it?—I think about a year.

120. When was it?—In 1828–29.

121. Was there any certainty of the privilege being continued?—I believe there was no certainty.

122. Is not the state of the law, which permits any government to deport a man from the country, considered a very great obstacle to the settlement of Europeans?—I imagine it is in England; in India, I think most Europeans have practically learnt it is not a very serious obstacle. Upon those who have not had the experience of the general feeling of Government against enforcing the law, it may operate powerfully.

123. As the Company have the full landed revenue of the country, as every thing depends on the payment of that revenue, as the Government would immediately take possession of the land if that revenue were not paid, would it be possible for any individual holding land not in the permanent settlements, to borrow money on the security of that land?—In some of the districts in question leases have now been granted for 15 or 20 years, and no doubt money will be advanced on the security of that land. In places where it is liable to an annual varying and uncertain demand, it would be hopeless to offer it as security for money; but a 20 years' lease will enable owners of fields to raise money on their property. All depends on the limitation of the government demand.

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124. Suppose that from the bad management of the farm, it pays merely the revenue of Government, or not so much, how would the person who has lent the money stand?—If the estate, on the security of which he made his advance, turns out good for nothing, he cannot recover his money from that estate, and he must probably lose his money.

125. In fact, the Governments in India, like the Crown in England, have a preferent claim over other creditors?—They must be first paid their rent.

126. The borrowing of money by cultivators of land; is that practised very extensively?—Very extensively, I may almost say universal.

127. Should you say that three-fourths or seven-eighths are cultivating with capital borrowed in this way?—I should probably say they were.

128. Do you include the money advanced by the Company?—I mean separately; it is not the practice of the Company to advance money to cultivators in the permanently settled districts of Bengal.

129. Exclusive of the transactions with Government, you think the proportion you have stated are cultivating the soil with capital borrowed at the rate of two per cent. a month?—Yes, I should suppose three-fourths.

130. What classes of persons are the lenders of the money?—Generally the village bankers, or those in small towns, who usually combine with the trade in money a trade in the produce; buying it in the first instance on advantageous terms from the producers.

131. Are they persons in easy circumstances?—Their circumstances vary; but they are generally, I believe, in easy circumstances; but it is not a profession that is very respectable. I never heard of wealthy bankers advancing to cultivators in Bengal.

132. Is it held to be discreditable?—I rather think it is; natives of much respectability object to trade in grain.

133. But the lending of money; is that also discreditable?—Not the lending of money generally; but the dealings I have spoken of with the cultivators. It is a sort of business which I think the higher bankers rather avoid; besides, it requires minute knowledge they do not possess, and which is possessed only by the bankers of the villages.

134. Does not that depend on the want of capital, and the necessity the person advancing the capital is under of taking gain in payment of his money?—Very much so.

135. Have no attempts been made, by means of local banks, to give facilities to money lending?—I am only aware of one such attempt. I was informed that Messrs. Alexander made an attempt to establish a bank at Bhauleah, under Mr. Ballard, then a surgeon of the place, who is now a partner in the house; but I understand it did not succeed.

136. Does the same rate of interest prevail among the shopkeepers and small dealers as among the farmers?—I believe they generally are in better circumstances, and do not pay the same interest.

137. Can you state for how many months in the year the advance is generally continued?—It depends a good deal on the crop. In sugar-cane the advance probably runs on for a year. They cultivate the sugar-cane in the spring of one year,
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and collect it in the spring of the next. The grain crops are produced more speedily; for them they must generally possess the means of repayment in about half a year; but a great majority in Bengal seem to live from hand to mouth, and to be always in debt.

138. Do the cultivators use the money-lenders as commission merchants for the sale of their produce?—Not as commission merchants; but it is very generally a part of the bargain, that the produce shall be delivered to the money-lenders.

139. In addition to the interest, they get some commission on the sale of the goods?—The bargain in general is, to deliver at a certain price, which is always under the market rate. I have known an instance in which, when the market rate of sugar was 15, the deliveries of the cultivators were at 20; and they generally delivered all their produce at a price below the market price.

140. There is no legal limitation of the rate of interest in that country?—Yes, it is limited to 12 per cent.

141. How is it these transactions do not come under the cognizance of the law?—No party is interested in bringing them under the law; and if the law was enforced, the effect would probably be, that many places would be left desert. The cultivation is only at present carried on by the law being violated.

142. Would not the cultivator be better off if no such law existed?—I should think so, certainly.

143. Do you attribute the poverty of these persons to the want of industry, or to the portion of rent demanded being too great?—I think the zemindars in Bengal demand too much generally from the people; but they have been always poor, and they are content with poverty. To the mass of mankind, the same principle seems to apply in all nations; if content with poverty, they can hardly be made rich by any contrivance. The zemindars often certainly take advantage of the attachment which the hereditary cultivators have to their fields, to exact more from them than they could from other labourers.

144. Have not these persons a remedy, theoretically if not practically, against the zemindar?—Theoretically, they have a remedy for wrong, but it is not, I fear, practically of much use. If they were united they might possibly defend themselves; but they are not true to themselves: their leaders are often induced to support the zemindars by some special advantage, and the rest follow or are forced to submit.

145. Is it not one of the advantages expected from the settlement of Europeans, that the habits of indolence of the natives would be changed to habits of industry, approaching those of Europeans?—The more they communicate with Europeans, the more likely are they to adopt their habits. I think the common labourers in Calcutta are decidedly superior to the common labourers in the interior,

146. What has been practically the result where indigo planters have settled in a district; has the effect of the encouragement of the cultivation of a particular produce, indigo or sugar, been to release them from their thralldom or not?—I cannot say I remember any particular case. The general opinion was, that wherever indigo planters had settled, the people were better off by getting better employment.

147. Is there any intermediate stage, after the communication between the Europeans and the natives has gone to some extent, in which the natives fall into that

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that state of dissolute habit that uncivilized people generally do before they become improved. Have the people of Calcutta, employed among Europeans, fallen into a demoralized state from that communication?—I think, and I believe it to be the general opinion, that there is a good deal of demoralization in Calcutta. I attribute much of it to the Supreme Court and the system of law established there, which, in its practical operation, seems to hold out much temptation to falsehood, and fraud and litigation. A great capital and seaport is not favourable to morals. But our servants, those I mean who have fixed situations, are, I think, improved rather than injured in morals by their intercourse with us. Moreover, I cannot consider the natives an uncivilized people.

Sabbati, 25^o die Februarii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

HOLT MACKENZIE, Esq., called in and examined.

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148. Do you think the establishment of legislative councils, and of a fourth presidency and government establishment to superintend the whole, as has been recommended, would lead to any increase of expense; and can you state to the Committee any considerable reduction of charge likely to be made, in addition to those included in the estimate of 1830–31?—As to the establishment of a legislative council, it does not appear to me that that measure ought to be attended with any considerable expense; assuming, as I do, the intention to be to employ as members of it, persons already holding office; but, of course, I cannot answer the question with precision without knowing the constitution likely to be adopted. Supposing the suggestions of the Bengal government to be followed, I do not anticipate any material increase of expense from the measure. In respect to the suggested change in the constitution of the Indian governments, I have already ventured, under the orders of the Bengal government, to put on record my notions of the plan that should be followed. The financial result of the scheme, which provided for a governor-general and four subordinate governments, under lieutenant-governors, is a saving of more than 100,000 L., instead of any increase of expense. The particulars will be found in a Minute, dated 20th July 1830, written by me, as a member of the finance committee, which I have already mentioned.

149. What should you propose as the seat of the central government of India?—Ordinarily Calcutta; but I suppose that the Governor-general, being entirely released from the details of any particular presidency, would proceed to any port of India in which his presence might be most necessary. Calcutta is, I think, the natural capital, if we must have a capital.

150. Have you taken into your calculation, in a financial point of view, the expense of the Governor-general moving from place to place?—Yes, that was all taken into the account.

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151. How has the business been conducted in Bengal during the frequent absence of the Governor-general in the provinces of late?—The political business has been almost exclusively conducted under the immediate orders of the Governor-general. The detailed business of the other departments has been left chiefly with the Vice-president in Council.

152. Would you contemplate that he should do so in future?—My notion is, that the creation and adjustment of political relations should belong exclusively to the Governor-general and his Council: that the regulation and distribution of the army should likewise be entirely in his hands, there being one army for all India; and that all legislative enactments should require his express sanction; but the general features of the scheme are explained in the Paper to which I have referred. To return to that part of the question which refers to the reductions which may be made in addition to those included in the estimate of 1830–31, I beg to state that there are items recommended for reduction in the reports of the finance committee, independently of that which depends on the change of government, amounting to about 730,000 *l.*, none of which, I apprehend, can be included in the estimate of 1830–31; but before I could venture to speak with absolute precision upon this subject, it would be necessary to refer distinctly to the dates of the several suggestions, and the orders of the government thereupon. A report, containing the necessary information, is, I understand, under preparation. I believe, however, that certainly not less than 730,000 *l.* will be found to be the amount of reductions recommended, in addition to any savings that can have been calculated upon for the year 1830–31. It may be further proper to observe, that the officers of account at the India House cannot, I believe, take cognizance, under the general rules on which I understand them to act, of anything not actually ordered, whereas the sum I have above mentioned includes all that the committee thought practicable, whether adopted or not; and in what I have said I would not be understood to put my estimate against theirs as implying inaccuracy in the latter, since, as I have already stated, the estimates of the officers of account are, I understand, prepared on the avowed principle of taking credit only for reductions actually ordered, without reference to prospective arrangements under discussion; but the case being so, it would seem to be advisable that reports should be prepared in the different departments explanatory of all arrangements under consideration which may be likely, in a material degree, to increase or decrease the charge, for otherwise I should apprehend the estimates furnished by the officers of account will not completely meet the views of the Committee.

153. Would those reductions leave the government still efficient; and, if made, would they leave a surplus revenue?—We thought they would leave the government quite efficient, if the principle of substituting native agency for European were duly applied; and if carried into effect, I think that would establish a sufficiency of revenue.

154. Have you considered what portion of that reduction of 730,000 *l.* would be immediate, and what would be only prospective, inasmuch as there would be compensation to be made to the officers reduced?—I cannot immediately furnish a statement to that effect. The principle generally followed in India has been only to effect the savings as the offices lapsed; but they do lapse there very frequently,

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the service consisting of a limited number of gentlemen, of whom the seniors are progressively returning to their native country, promotion and change of office consequently occur much more rapidly than in this country, independently of the insalubrity of the climate, which must also tell; and, therefore, I have no doubt that the government, if it take advantage of all such opportunities, might secure the proposed savings at an early period; but it would be difficult to calculate the time precisely.

155. Have the government in India concurred in those reductions recommended by the finance committee?—I am not immediately aware to what extent they have or have not, having left India before they passed final resolutions on the most important of the committee's suggestions; but the information may doubtless be obtained from the records which have been transmitted from India.

156. Perhaps you are aware that the officer of account is the auditor of Indian accounts, and therefore every alteration, be it in whatever department it may, must come under his view?—Yes, I am aware of that; but I intended only to remark that he could not regularly take cognizance of arrangements merely suggested, and under discussion.

157. You say it was necessary to call on each department for the various expenditure and reductions in those departments; are you aware that all expenditure and reductions come under the auditor of Indian accounts, and that therefore there is the whole brought into one focus?—I am aware of the circumstance stated, but my suggestion did not refer to what was actually brought within the auditor's scope, but to measures under discussion and likely to occur, of which he could not take cognizance, according to the principle which I understood to guide him.

158. Are you aware there has been a Report called for on Indian affairs, in which the effect of all those recommendations which have been adopted will be taken into account?—I was not aware that it went to that extent.

159. Have you any further reductions to suggest?—Of the provincial battalions several have been ordered to be disbanded in the year 1831, which cannot of course come into the estimate of 1830–31; and there are other savings in the military department, the amount of which I cannot immediately state, which will not occur until after the expiration of that year.

160. At what rate do you convert the rupee into sterling?—I am doing it now at 2 s., as the most convenient rate of conversion. There is a further saving of 30,000 l. which might, I conceive, be effected by arrangements suggested in a minute, which is recorded in the proceedings of the financial committee of Calcutta, dated the 1st October 1830. But this and several of the other reductions I have referred to being consequent upon extensive and important changes in the system of judicial and revenue administration, it must rest with the Committee to say how far they can calculate upon them in estimating the future adequacy of the revenues of India. My own conviction is, that the proposed measures are practicable, but I believe that opinion to be opposed by persons of very good authority.

161. You state the amount of reductions at 730,000 l., upon what total amount of charge is that reduction supposed to be effected?—I refer to the estimate for 1830–31, in which the civil charges are stated at 7,607,500 l.

162. Do you refer to the estimate given in 1830–31, prospective for 1834?—No; I refer to the last estimate received from India.

163. Have

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163. Have you seen sufficiently minutely on what that estimate is made, to know whether they have not taken into their consideration some of those reductions?—I go upon the fact, that the estimate, being confined to the year 1830–31, can include no reduction that is to take effect after the 30th April last; and referring to the several recommendations of the Calcutta committee, I have not taken credit for any items of saving effected before that period.

164. Are you quite certain on what data that estimate of 1830–31 has been made?—I only know what appears on the face of statements themselves; but as I have already said, the estimate being limited to the year 1830–31, which expired in April last, cannot include any saving, even though ordered, which will not take effect before the 1st of May 1831.

165. The judicial and revenue alterations have taken place and are going on in effect at this moment, therefore the 30,000 *l.* may be, in a certain degree, calculated upon, may it not?—That saving was proposed in a Minute regarding the revenue and judicial establishment of the three Presidencies.

166. Not the peculiar judicial system of Bengal?—No.

167. Have you any estimate of the charge as it will stand after your reductions are made?—I have not prepared any such estimate; but it can be made by deducting the sums mentioned from the charge exhibited in the estimate before the Committee.

168. Are there any items of extraordinary receipt included in this estimate of revenue?—I see none, excepting the payment from the Burmese, under which head is a receipt of 60,000 *l.*

169. You have recommended that the army should be transferred to the Crown; do you think that any material reduction of expense would be effected if such a measure were adopted?—I can only give a general opinion; I think a reduction ought to be the consequence of the transfer. In the first place, looking to India alone, I should think the necessity of having a double staff would cease. There is now a King's adjutant-general and a King's quartermaster-general with establishments. I should suppose also, that the supply of stores being managed as part of the national concern, there ought to be a saving, since there must probably be some unnecessary accumulation under the existing system, a separate government naturally providing for its own wants more liberally than would be thought necessary in a colony depending on supplies from the King's Government. Then, if the officers of the Indian army retained their rank at home, there might possibly be a saving in the retiring allowances; and some establishments in this country might probably cease.

170. What do you mean by rank?—I mean that if officers of the Indian army could be brought into command in Europe, some of them could probably be employed after their return; but the question is one which cannot be answered with any approach to accuracy without having a distinct scheme before the Committee. My remark referred chiefly to the probability of decreasing expense, by getting rid of double establishments both at home and abroad, and by the more economical supply of stores.

171. Are you aware of the present expense of a King's regiment, as compared with the Company's?—Yes; but I had no idea of using Europeans instead of natives.

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172 As regards the Europeans, you are asked whether the establishment of officers in a King's regiment is much greater than in a Company's?—Yes.

173. Is not a large proportion of the expense of an army the expense of its officers?—Yes, certainly; especially in India.

174. Would you contemplate that being placed on a large establishment, the Crown could reduce them to the Company's establishment of officers?—I should have officers appointed to the different descriptions of corps, according to their several wants, with a view to their discipline and efficiency for the service to be required of them; but the financial result of any change cannot be advantageously investigated until all the details of the scheme are completely digested.

175 Do you think, theoretically speaking, that the situation of the two services in India has not sometimes acted beneficially upon each other, as a kind of spur to zeal and emulation?—I am not aware how far the case has been so, military men probably can alone answer the question; but I should conceive that troops of the two services will act best together when they act entirely as servants of the nation, and think of the honour of England, without any separation of purpose.

176. Does not the separation of the two rather tend to lessen the danger of those military combinations, which have been frequently very serious in India?—I should not attach much importance to the circumstance, though it certainly may have some effect.

177. Where those have taken place, have they pervaded the two services together, or been confined to one?—I am not aware of their ever having pervaded the King's service.

178. How is the supply of stores to be made a saving by armies being joined under those circumstances?—My notion is, that if the King's arsenal were regarded as the great storehouse of the whole empire, the Indian government would not think it necessary to keep so much in store as they have done, especially of those articles for which there is no immediate demand.

179 Do you consider that England is to be the principal storehouse for India? Yes, in so far as the distance may allow. And at home there ought apparently to be a saving, since there would, I suppose, be no necessity for a separate establishment to purchase and examine stores. The establishments of the King's Government could, I imagine, perform the duties with little or no additional expense beyond the pay of a clerk or two. The Committee, however, will observe that I have avoided stating any saving under this head, because I am not able to submit to them any scheme for effecting the change, in a precise shape, which must precede financial calculations.

180. The supplies to the King's troops and the Company's troops, with all the military stores connected with the army in India, are all furnished by the Company, and at the expense of the Company, are they not?—Yes.

181. Would it not be possible to concentrate under one management the whole of that, and to derive every possible economy from such concentration, without altering the different relations of the Crown and of the Company, as respects the command of the army?—There appears to be no impossibility in the arrangement stated; but in general, where different authorities under different heads are called to act together, there is danger of embarrassment.

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182. If the whole were under one authority, as it regards the materiel supplies of the army, leaving the separate authority, as respects the command of the army, would not that be practicable; could not every economy by some regulation of that kind be attained?—I am not immediately prepared to answer that question. It is certainly true that there might be a partial union of the two armies, though a total one were not thought expedient. Thus the artillery might be entirely the King's, without the other arms. So as to the engineers. But I should apprehend embarrassment from having different parts of the army under different heads.

183. Could not everything referring to the materiel of the army, be brought together under the same management, without touching on the military command of the army?—Certainly it might, but whether it would be advantageous to do so, I am not prepared to say, without seeing the whole bearing of the question, and especially considering how far the officers in the military command must influence the demand and supply of stores: but it does not appear to me that there is any insuperable objection to such an arrangement.

184. Have you any reason to suppose that India might supply herself more with military stores than she does at present, and derive less from England?—In the present state of the Indian markets I do not think that much could be done. I believe the attention of the Indian government and of the home authorities has been given to the subject: but probably if it were taken up decidedly as an object to be attained, and encouragement given to local manufactures, more might be done.

185. Are you aware that in several instances great encouragement was given to local manufactures for military purposes, and that unfortunately they did not succeed; and that that was attended with a considerable loss of money to the Company?—I was not aware of that fact. And indeed I consider the true foundation of all such encouragement to be that of the settlement of Englishmen in India; were they numerous, I think economy in the supply of the army would be the result. Thus the article of gunpowder was long comparatively dear. It is now, I understand, made at the rate of 14 rupees for the barrel of 100 lbs., which I apprehend to be cheaper than it is made in England. It once, I have understood, cost 40 rupees.

186. You have said that the settlement of Europeans would improve the revenue. how do you think it would affect the charges on the revenue?—I see no reason to suppose that it would immediately have any considerable effect on the charges.

187. Prospectively would it have?—Possibly the first effect might be some increase of charge, but ultimately I should not expect an increase of expense.

188. How should there be an increase of expense?—I think every new European settler would be likely to occasion some increase of business and correspondence with the government officers.

189. You speak of judicial business?—Yes; and the occupation of time would, in a degree, operate as an expense: but that would be in proportion to the number, and would be trifling, I should think, if we exclude from consideration the effects of increasing wealth and commerce, which would of course more than yield an equivalent for any increase of establishment they might render necessary.

190. Is any considerable proportion of the expense of the civil government, as connected with the judicial system or the police, required by the relation between the

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the European and the native, or between native and native?—The King's courts were established, I apprehend, chiefly in consequence of the relation between Europeans and natives; but I do not think the establishment of such courts arises necessarily out of that relation: conceiving from what both classes of judges do, and are disposed to do, that there is no sufficient reason for the distinction drawn between the King's and Company's courts. Both should be equally regarded as servants of the British nation. Except the King's courts, and the police immediately under them, I am not aware of any other establishment arising out of the relation between European and native; and, as far as I can judge of the extent to which the technicalities of English law need be introduced into India, I do not think that the appointment of tribunals distinct from the general judiciary establishments of the country is indispensable as a consequence of that relation.

191. You do not consider that it would necessitate any considerable increase of judicial or police establishments, if there were a considerably increased number of Europeans scattered over the different provinces of India?—I imagine, that if the numbers were very considerable there must be additional establishments, but, then, my impression is, that there is little chance of there being such a number as to occasion that necessity. In proportion as the country gets rich, and as commercial transactions multiply, business must be expected to increase; and judicial establishments, for the decision of civil cases, must probably be multiplied. At the same time I think many causes, both of crime and of litigation, may be expected to cease, when we become more acquainted with the people and they with us, through their enlarged intercourse with our countrymen in the ordinary transactions of life. At present, it must be allowed that we know comparatively little of them, and they comparatively little of us, out of the limits of the Presidencies, and the circle of official business. Upon the whole, looking both to the extent of business to be provided for, and to the means of obtaining the agency required to transact it, I should not anticipate an increase of expense from the freer resort of Englishmen to India, rather the reverse.

192. You do not apprehend that the habitual respect of the natives for Europeans, and the occasional assumption of authority and power on the part of the European, might be productive of collision to an extent to require increased protection on the part of the Government?—I have no serious apprehensions on that head, if justice be done to all parties. Indeed I apprehend that the number of Europeans likely to resort to India will be too small to have any material effect, directly, on the general conduct of affairs, though it may be large enough to act very importantly on the productiveness of the country, and especially as instructors of the natives in arts, and commerce, and agriculture, to which men of consideration and talents among the natives do not now turn their thoughts. And in proportion as Europeans do go to India, and successfully establish themselves there, I should expect that their presence in the interior must operate beneficially in facilitating the administration of the country.

193. Do you know the opinions of Lord William Bentinck upon the subject of the settlement of Europeans in India?—His lordship's opinion is to be found recorded in Minutes, dated, respectively, the 30th May and 8th December 1829, and in the Revenue Letter from Bengal of January 1830. I have always understood

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stood from him that he considered the free settlement of Europeans to be likely to be very advantageous to the country.

194. Do you know the opinion of Sir Charles Metcalfe?—Sir Charles Metcalfe has also recorded a minute upon the subject, and has joined in the despatch which I have mentioned. It will thence be seen, and I know his opinion to be decidedly that, without the settlement of Europeans, India can never be to England what it ought to be. He goes, I believe, so far, at least so I understood his expressions, as to hold that there is little chance of the solvency of India, unless the settlement of Europeans be extended. And in the minute to which I have referred, the matter is, I believe, treated as one financially of great importance. I should lay the more stress upon Sir Charles Metcalfe's opinion, because I think he has a very strong sense of the perils that beset our Indian government; and he has had experience in various quarters, and in some of the most troublesome parts of India.

195. One of the objects you had on Thursday appeared to be to reduce the European courts of justice, and substitute native, both in an economical view, and as being superior, in your opinion. Do you think the native courts could take cognizance of any dispute between an European and a native, or between two Europeans?—I think they could. And it may be right to observe, that I do not confine the term natives to Hindoos or Mussulmen.

196. Do you think that, without any advantage they would derive from the improved intelligence of Europeans among them, they could be at once trusted with cases of that description?—I believe that, with due encouragement, men enough might be immediately found, adequately qualified to do all that need be required in regard to such cases, but certainly not so well qualified as we may expect them to become hereafter; and I always suppose the native judges to be subject to the control of an European judge.

197. Have you read the answers of Ramohun Roy to the questions sent from the India Board to him?—Yes, but I do not bear them now in mind.

198. Do you consider that the honour and emoluments attached to the situation of judges, to which you allude, would be a strong inducement to that integrity of character requisite for that elevated situation?—I think, with a comparatively moderate salary, the government might get native judges who would well discharge their duty; and that it is in fact very much a question of emolument and station. Those from whom we require important and responsible functions must be paid liberally, and they must be treated as gentlemen: if paid liberally and treated as gentlemen, I have not the least doubt that the native judges will be found fully capable of discharging their duty. Even now the head native judges are well esteemed. And long ago, when Benares was under a resident, the experiment of liberal pay and suitable rank was for once tried. The native judge there, under Mr. Duncan, was remunerated liberally, rather too liberally perhaps; he got 2,000 rupees a month. And he is still, I understand, remembered with great respect, being indeed considered as good a judge as the country ever had. There must, I think, for the present be a court with an English judge in every district. In the course of time many of these may possibly be discontinued, and the zillah courts, as they are called, might be filled by natives or country-born gentlemen, or if Europeans were settled there, by their children; but in now considering the establishment

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establishment required for India, we must I conceive provide an English judge to control the native judges in each zillah or other considerable division of the country.

199. Do you think an English gentleman could establish himself in the Lower Provinces, and that if his generation were to continue there, that his family would ever become Bengalese, and that they would maintain anything of European feelings or customs?—I think it is possible; but I should not expect that many English gentlemen would stay after having the means of returning home; but some would stay. The children of many would stay, if attached to the soil by property in land; how far they would have European notions would depend a good deal on how far they were treated as Europeans. Their character must be modelled by the government which rules them, though other circumstances will doubtless influence it.

200. Do you believe that the expense of the college in England might be saved, without any detriment to the public service in India?—I think so; I myself attended it, and I derived very great benefit from it, and I have the highest respect and affection for the gentlemen who belonged to it; but I do not think that I acquired anything there that I might not have acquired elsewhere, if required to do so. We have lately had occasion to compare gentlemen from Haileybury with those sent out under the late Act without passing through the Company's college, and I must say, as far as my knowledge goes, the latter were not found in any respect inferior to the former; and, on the whole, I have not the slightest doubt that, the service being a very desirable profession, any desired amount of qualification in point of talent and knowledge may be obtained, without the Government's being at any expense in communicating it.

201. If examinations were required of all persons appointed to India, would not competent persons be found, and if so, might not a very considerable saving be made in point of expense?—Yes; but I should require still higher qualifications than have yet been demanded.

202. With regard to the military college, would not the commissions be a sufficient reward for persons to qualify themselves for obtaining those commissions; and might not the expense of the military college also be saved?—I should imagine so.

203. Have you ever visited Addiscombe?—I have not.

204. Have you particularly considered the subject?—Yes, but as a civilian, not particularly acquainted with military affairs; and the more I have considered it the more I have seen reason to conclude that the seminaries in question might be done away with.

205. You have stated your opinion with regard to the education of the civil servants of the Company; has the opinion you have stated, that the college could with advantage be dispensed with, been the prevailing opinion of those persons in India with whom you have generally conversed?—I think it has, though I cannot immediately recal to mind many gentlemen with whom I have conversed upon the subject; but I believe the general impression to concur with the opinion I have stated, and that what are called Parliament men are in no degree inferior to others.

206. Is that the opinion of the generality of college men also?—I think it is; and although there are some gentlemen who take from England a considerable knowledge of the native languages, I do not think there is much importance attached to the circumstance. Were I to speak from my own experience I should say, that
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the languages are so much more readily acquired in the country and among the people, as to make it undesirable to give much time or attention to the acquisition of them here; and private teachers will I doubt not be found if wanted, a knowledge of the Eastern languages being now comparatively common.

207. Is there not great danger of young men remaining in Calcutta, not inclined to study, getting into great expense, and ultimately being obliged to be sent back?—The danger would be comparatively little if a proper selection be made at home, and high qualifications be required, but I have always had the opinion that no one should have been allowed to remain in Calcutta one hour after it was seen that he was not availing himself of the advantages of the college there. That college, also, I consider to be unnecessary.

208. Are you aware that two gentlemen have been recently sent from Calcutta, one a Parliament gentleman, and the other a college gentleman, who were found incompetent, in point of qualification, to engage in the service of the Company?—Yes, I am; and therefore it is that I should require higher qualification than has been yet required. I would also add more years. they have been sent out too young, in many instances.

209. In reference to what you said in objection to Mr. Melvill having stated the 1,300,000*l.*, the balance of account with the King's Government as a charge upon the territorial revenues; are you aware that that sum was applied to the discharge of a portion of the loan made in 1812, by the Public to the Company?—Yes, I am aware of that, and I believe I mentioned that I thought the two transactions should be kept distinct.

210. Are you aware that the Act of the 52d Geo. III. c. 135. s. 11, provided that the payments, in respect both of principal and interest of the loan of 1812, should be "considered to be a charge upon the revenues," and that the Act of the 3d Geo. IV, c. 93, s. 4. expressly provided that the balance of 1,300,000*l.* should be considered "to be a charge upon the revenues;" and is it not therefore clear, whatever may be the merits of the question as a matter of account, that Mr. Melvill, in stating the balance as a charge upon the revenues, has followed the strict provision of the law?—I am aware of the provision in question. But I should interpret that Act as meaning that the loan should be a charge upon the territorial revenues, as distinguished from the commercial funds of the Company; and therefore, although it is entirely proper to charge the territorial funds with the payment of the loan, I do not understand the Act as prescribing the precise mode and head of account under which it is to be brought. I should think the Act would have been fulfilled by bringing it to account as a debt discharged, and this, the principle on which other issues are accounted for, does, I conceive, suggest. If the Act shall be interpreted to prescribe that the sums disbursed or set off in liquidation of the loan shall be included in the charges of the year as balanced against the revenues, and not to permit them to be brought to account as issues for the payment of debt, then Mr. Melvill had no option, in so far as that transaction is concerned.

211. If the 1,300,000*l.* be credited to the territory, as Mr. Melvill stated it to have been (5807); can it make any difference in the balance-sheet whether that sum, having been applied to the discharge of debt, be so stated, or as a charge

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upon the revenues?—I should imagine not, if the accounts of the home and the India concerns have been balanced together ; but I have not seen any such adjustment.

212. Supposing all the revenues and charges of India to be correctly ascertained, and that the result should show a deficit less than the amount which India may have derived from debt incurred, or from the assistance of commerce, should not the excess be accounted for in the assets ; and do you imagine that Mr. Melvill meant anything more than that when he spoke of 885,907*l.* as remaining to be accounted for on the assets?—I can hardly presume to speak to Mr. Melvill's meaning. I think it is extremely likely that he meant it would or ought to be found in the assets ; but I must observe, that until the accounts of the whole concern are balanced, it is uncertain whether the amount will be found in the assets ; because, as I have already remarked, if, during the period embraced by the accounts, the Company's government in India advanced for the service of the Crown more than the Crown admits in favour of the home account, there must be a balance to be added to the charges which would disappear from the assets, and *vice versa*. The sum in question may therefore turn out to be not an excess of receipt to be added to the assets, but a loss to be added to the charges ; or the excess of receipt may prove to be still greater, if the sums drawn from the Indian treasuries during the period in question, as advances on account of His Majesty's Government, be less than 1,300,000 *l.* But until the account-current of London and Bengal is adjusted, it is impossible, I apprehend, to say absolutely that the sum of 885,907*l.* will appear upon the assets.

213. It is necessary, to make a correct account, if the East-Indian revenue shows a deficit beyond what it has received under other circumstances, that that should be accounted for in some way so as to show a clear account?—Certainly.

214. You have stated that your objections to Government being traders are very strong, and that you are of opinion they should discontinue to trade in India ; will you state to the Committee what your principal objections are, and what inconvenience the private traders have found from the competition of the Company being themselves traders?—The first objection I have is, that the Government of India has quite enough to do in the political management of the country, without having any concern with commerce ; and that I believe they never have paid and never can pay that attention to the commercial affairs of the Company which they ought to pay in order to trade to the most advantage. Then in the interior of the country, although the Regulations of government and the constant injunctions of all authorities at home and abroad be directed to the abolition of all unfair advantages, it strikes me as next to impossible that such orders or rules can practically be enforced, the commercial agents as a part of the governing aristocracy of the country, must, whether they will or no, have an influence that does not belong to private traders. Every peon they employ must, in some degree, have a similar influence, and I should think it therefore utterly impossible, even although the Regulations should be as strict as words can make them, against any unfair advantage, that a private trader can go into a district in the immediate vicinity of the Company's factory on a footing of equality with them. There cannot be fair competition. If the government agent be a man zealous for his work, he must push his

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his authority beyond its due limits; and if he is an idler and careless about his work, the Government must, of course, lose. In both ways I apprehend the system has been found open to objection. My recollection is, though I cannot speak with precision to the facts, that the price of the important article of silk was run up far beyond what was reasonable in consequence of mismanagement and the want of sufficient control over the commercial agent's proceedings; and this in a degree that could not have occurred with private traders. I believe the Company's trade in that article does injuriously impede private adventure. Generally, indeed, the objections to the government trade in the interior strike me so strongly, that I feel I cannot possibly do justice off-hand to the impressions I have regarding it. Even their purchases in the Calcutta market, though far less objectionable, are, I conceive, open to serious objection on commercial principles. The private trader does not know on what he may reckon. The Government may come one year with 700,000 *l.* to purchase indigo, and another year, perhaps, purchase nothing. The uncertainty of the amount with which the Government, looking to remittance not to profit, may come into the market, must operate to derange private transactions; though the purchase of the article be conducted on perfectly fair terms. I think that all government trade must be a monopoly; and that the moment it ceases avowedly to monopolize, it should cease to trade at all. Whether it should monopolize is another question. It has in Bengal long ceased to claim a monopoly in its commercial capacity, and I think it should long ago have ceased to trade in the articles not included in its territorial monopolies.

215. Do your observations apply to the manufacture of saltpetre, opium, sugar, salt, and other articles, as well as the purchase of silk?—The manufacture of opium and salt is conducted with a view to revenue, not trade. My opinion is, that of the suggested changes in regard to those articles, there is none that would not involve a large loss of revenue. In the salt department, I do not think we could, by means of an excise, collect the same amount of net revenue as is yielded by the public sales. On commercial principles, I fully admit that there are strong objections to the existing system: but then comes the farther question of the mode of raising the necessary revenue. On the whole, my impression is in favour of maintaining the existing system of monopoly with a view to the revenue. If the salt trade was open, I should at once hold it utterly absurd for the Company to trade in it.

216. In opium the Company has an exclusive trade?—Yes; and from that source also they derive a very large revenue; the excess of the sale prices beyond the first cost constituting such a tax as I should think it hopeless to get by any other device; and though, commercially speaking, there are strong objections to the system, yet we must set against that, the necessity of the revenue; and my belief is, that the same amount of revenue cannot be otherwise got.

217. You have stated that you think salt and opium may be continued monopolies for the sake of revenue; are there any other articles in India that come under the same class?—I believe there is a tobacco monopoly under the Madras government, but I cannot state the particulars: there is none under Bengal.

218. As a manufacturer, do you consider that they manufacture cheaper than they could purchase their gunpowder?—I have little doubt that they long paid for gunpowder more than they need have done, if the country had had a considerable

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number of intelligent men in it to compete with the government manufacture; and though, as I have said, the article is now comparatively cheap, probably the same thing is still true. The purchase of cotton for the China market I consider to fall under the same rule as the purchase of silk, though not open to the same degree of objection, because the trade is comparatively free. But I should conceive that dearness or inferiority of quality must, in the long run, be apprehended as the consequence of all commercial transactions in which the Government engage; knowing, as I do, that the commercial concerns of the Company have occupied very little of the attention of the Government, contrasted with the largeness of the sum which has been laid out.

219. And contrasted also with the attention which was paid by individuals to some branches of trade in the different businesses coming into competition?—I should imagine so.

220. From your own knowledge, are the establishments in the different parts of India in which manufactures are carried on, on a scale of more expense or less so than those of private individuals who come into competition with them?—I am not immediately aware of the expense attending the establishments of Europeans in the interior; my persuasion is, that all articles produced by natives, as cotton is, would be brought to Calcutta, without the intervention of any European, if wanted there, and the native establishments are all exceedingly economical.

221. When the Government there are about to purchase indigo to the amount of 700,000*L.*, do they advertise for the whole amount they mean to purchase, or employ agents secretly to purchase the quantities the agents may consider consistent with the interests of government?—The amount to be purchased is always kept secret, or intended to be so.

222. What is the agency under which they buy?—They advertise for tenders of the article wanted to be delivered to their commercial officers in Calcutta, whose duty it is to take the lowest tender, reference being had of course to the quality of the article, which in the case of indigo varies considerably.

223. Are they not obliged to mention the quantities to be delivered?—No, any quantity may be tendered; and the Company's officers have the power of taking or rejecting absolutely.

224. Does the Company reserve to itself the power of taking any quantity that it may choose to name, and reserve also to itself the power of limiting the quantity to any number of hundred-weights, however small?—It reserves to itself the power of taking any portion of the indigo tendered, paying the sum demanded for the same, and of rejecting any tender at the discretion of the officers employed. The amount to be ultimately taken is not divulged.

225. Does each individual who tenders, in the tender specify the quantity he is willing to supply at the price?—Yes; and without being pledged to anything beyond that.

226. Is not the uncertainty of the Company's demand one reason which you have for thinking they never can conduct their trade with profit?—I think there is some force in that objection, in so far as regards the supply of the market, for the advantageous regulation of which a steady demand seems to be very desirable; and anything which renders the demand unsteady and uncertain must, I should think,
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operate with prudent men to cause the market to be supplied at a higher rate than if the demand they had to meet were free from such uncertainty. In so far therefore as the Company's arrangements cause uncertainty, they are likely, I conceive, to enhance cost; but as that enhancement of cost will affect all speculators equally, it does not occur to me how it should interfere with the Company's profit on their immediate speculations; although, therefore, steadiness of demand be very important to the general commerce of the country, and therefore to the Company as its rulers, I am not prepared to say, that unsteadiness of demand will occasion a loss to them in their commercial dealings.

227. Are you not aware that when the Company come into the market for large purchases of that kind, private speculations are immediately lessened, and that consequently they purchase at a higher rate than the average of the market for one or two years?—I think it is very likely that they frequently purchase at too high a rate; but I cannot say that I have been able to trace the effect to that cause.

228. Have you never heard that cotton has been often purchased in the interior of the country by the Company's agent, and landed at Calcutta, at an expense of 25 rupees, when the article was selling at 15 or 20?—I cannot charge my memory with the specific sums. I believe cases will be found in which the Company have paid for cotton beyond what they should have paid.

229. Was not that from the abuse of a particular individual?—Probably in a great measure so; but a more than ordinary risk of such abuse seems to be inherent in the system.

230. You state that opium yields an immense revenue, and that you doubted whether the monopoly can be taken away without a loss of the revenue; you have already stated that the market of China, the principal outlet, is supplied by Malwa and Turkey opium?—It is.

231. Are you not afraid that the profit derived from opium in Bengal, may be perhaps influenced by Malwa and Turkey opium coming in competition in the China market, and would not that rather seem to call for a reduction of that heavy duty on Bengal opium, than to keep it up as proposed for the purpose of revenue?—I would not propose that the tax should be kept up at the rate which has hitherto prevailed. On this subject I beg to refer the Committee to a letter of the Finance Committee in Bengal, in which the necessity of a large extension of supply, coupled with a smaller price, is very decidedly urged. It is indeed clear, that the monopoly profit in Bengal must be measured by the price at which a supply of the drug can be drawn from other quarters, and I think it essential for the security of the opium revenue at Calcutta, that the supply should be considerably increased, and the sale price of course reduced, which is equivalent to a reduction of duty; but I still think that the cost of opium produced in Malwa and brought to Bombay, and the cost at which Turkey opium can be obtained, is such as to leave a balance very much in favour of the produce of the Bengal provinces; such a balance as could not be collected in the form either of an excise or transit duty. And although I anticipate a considerable reduction in the rate of tax, it does not therefore necessarily follow, that there will be a reduction in the amount of revenue.

232. Could not the revenue upon opium, whether a transit duty or excise, or in whatever shape it may be collected, be collected consistently with liberating the export

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export trade from any duty whatever?—If an excise duty were collected, I presume the export would be liberated; if a transit duty in the interior were levied, I suppose the export would also be free on the production of a pass showing that it had paid that transit duty; but I do not think there would be the same amount of revenue collected by any such scheme. The object ought, however, to be kept in view by the local government, and as the rate of tax becomes moderate, and the sale extends, a change of system may become easier. As far as the commerce of the country is concerned, I think the monopoly is a very great evil.

233. Contemplating that the Company shall cease to manufacture, or to purchase any article for remittance to England, do you consider that there will be any difficulty in paying for the advance made to the territory in England, by bills or by remittance of bullion, or how would you propose to repay England for the advances made?—My opinion is, that there ought not to be any difficulty in remitting the supplies, provided the funds exist.

234. What do you mean by if the funds exist?—If the revenue of India be sufficient for the charges both there and at home. Whether the amount for which India appears hitherto to have depended upon England shall be paid from the profits of the Company, I take to be quite a distinct question from that of remittance. In order to remit a certain amount I do not think it can be necessary for the Company to trade.

235. Suppose England to require two millions and a half brought annually from India to pay territorial expenses in this country, do you imagine there would be any difficulty in obtaining bills, and making remittances of bullion to that amount?—I should suppose that the facility of remittance by bills must depend on the course of trade. The discontinuance of the government trade in India, and the freer settlement of Europeans there, would, I think, cause commerce to improve, so that not only there would be no increased difficulty, but we may expect additional security and means of remitting. The goods imported by the Company must, I conceive, take the place of goods that would be imported by individuals. On the whole, I do not apprehend any serious difficulty on the mere score of remitting the sums required.

236. Do you include in that the portion of amount required which would be sent through Canton?—I think that a remittance to England might be advantageously made through China, as is now in fact done by the Company, the drafts of the supercargoes on the Bengal government forming virtually a remittance from Bengal to England. The trade in opium, of which the proceeds in China by the last account were upwards of two millions and a half, seems to afford a large means of remittance by way of China, so long as England shall have a balance to pay to that country for tea and other things purchased there.

237. That would still remain open as a means of remittance, whether the Company traded or not?—Certainly, if the trade continued; if individuals traded with the same success.

238. All that is remitted from China by bills on Bengal takes so much from the exports of that country?—It does not seem to me that the case stands so. The exports must depend on the profit to be made by them. The remittance by bills will diminish the quantity of bullion brought away.

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239. In remitting to England the money required to pay for territory, do you take into account the trade to Canton, as a means of making that remittance?—
Certainly.

240. You have stated a large amount for stores expended by the Company; are you aware that a great portion of stores may be purchased in India, and thereby the demand on England on that account lessened?—I am not aware that any large portion of the stores can be purchased in a way to lessen the demand on England. A purchase of stores exported by individuals would only transfer it; but if proper encouragement were steadily held out to the manufacture of all articles required by the Government, and especially if the settlement of Englishmen in different parts of India were promoted, it is probable that various items of supply might be furnished in that country; still more, that the commercial exports to England should be extended, so as to improve the remittance. As far, however, as the Government requires stores from England, it had better, I think, have recourse to the English market rather than trust to the local market of India.

241. Supposing all articles except cannon and fire-arms were supplied by local manufactures, would not that lessen the difficulty in the remittance to pay for territorial drafts on England?—Certainly, to the extent to which those supplies were afforded.

242. Are you able to state what is the amount of stores?—It has varied extremely of late; taking the average, the amount may be stated at about 300,000*l*.

243. If the remittance for bills in India on England is now 1*s*. 10*d*., and the remittance in England drawing on India shall be 1*s*. 8*d*., will not the interest and insurance make up that difference?—The cause of the difference must, as I apprehend, be chiefly the interest; but there is probably always some advantage to the party who advances the cash.

244. You consider that if the Company could obtain bills at that rate, that would be all they were entitled to have?—They should, I think, look to the rate of a bullion remittance; and if they could not get good bills at a rate as advantageous, they should import bullion. Prices would then change, and the consignment of goods, against which bills would be drawn, would become profitable. India cannot, I think, want the means of furnishing the desired remittance, if the government have the funds to remit.

245. You are aware that there is a prejudice against the exportation of bullion; is there any ground in your mind for that prejudice as regards India?—I think there is no sufficient ground of objection to the export of bullion from India, if the government have the funds there. But the state of the two currencies, that of England being gold, and that of India silver, renders the out-turn of remittances from the latter somewhat uncertain. It is difficult to say what the comparative value of the rupee now is, and I apprehend that India must suffer by the price of silver bullion in England.

246. Are you aware that merchants in this country have been led into considerable mistakes on the subject of exchange, in consequence of the difficulty of estimating the relative currency of the two countries?—I was not aware of the fact.

247. Do you know of any difficulty in England drawing on India for what they require, taking the average of a number of years, when the money-market in London

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don would not, as in ordinary cases, provide the means of cash here for bills on India?—I do not apprehend any difficulty, supposing no insufficiency of the government revenue in India; and that does not refer to remittance, but to supply.

248. If that is the case, would you not have the double advantage of the Bengal and the London market for bills; and might not the Government very soon lessen the difficulty, by availing themselves of the means of selling bills in the London as well as in the Calcutta market?—I think it would be advisable to use both markets.

249. Have you ever known any difficulty in the Company procuring bills in Calcutta to any amount?—Yes; when the Government offered to buy bills, difficulty was experienced in getting them in Calcutta, at any rate they would accept.

250. Are you able to say whether it was above the market rate?—I believe that 1 s. 11 d. was at the time somewhat above the rate at which bills were to be purchased in the market.

251. With what views have the Company been remitting bullion from India of late years, was it not to check the exorbitant demand?—The view, I imagine, was, that they could get a remittance by bullion better than by bills.

252. Taking bills on England to be the acknowledged means of remitting from India to England, would not bullion be sufficient at all times to check any exorbitant rate of exchange?—I should think so.

253. Considering that opium is a great staple product of India, and that there is a great consumption of opium in China, do you apprehend that there is a great probability of the regular export of opium from India to China continuing for a series of years?—I think there must continue to be a great export.

254. Is opium raised cheaper in India than it is in any other market in the world?—I believe so.

255. Do you not apprehend that, under all circumstances, it is probable a large export trade from India to China will continue?—Yes.

256. Will not the opium trade carried on from India to China always afford to the Indian government the means of making remittances from India to England?—Certainly, so long as England has a balance to pay to China.

257. Must there not, so long as there is a large export of opium from India to China, always be remittances made either from China to India, or from China to England, to pay for that large export of opium which so takes place?—Certainly.

258. Will not bills therefore on England, to the amount of the opium exported from India to China, be always to be drawn in respect of the opium so exported?—I should think that must depend upon the general state of the trade between the three countries.

259. In what manner at present does China pay for the opium exported from India to China?—Partly in the Company's investment, partly in bullion, and partly in goods sent to India, especially to the Bombay side of India.

260. Can you state what is the proportion in which the opium exported is repaid by China to India by direct exports from China to India?—That is fully explained in the Indian Trade Reports, in so far at least as the custom-house accounts can be depended upon. The imports of bullion and goods, and the amount of the Company's bills, will be readily seen from those reports.

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261. Would it be possible to remit to this country, to the extent India requires remittance, if the exports from England were equal to the value of the imports from China to England?—If England were to pay China directly for all that she takes from her, there would be room for the intervention of India in the adjustment of the account between them.

262. Would India be assisted in the remittance she was to make?—Not if China has no balance to receive from England.

263. Would it make any difference whatever in the ability of England to make remittance, whether the trade is carried on by one body of men or the other, whether by the Company or by individuals?—I should think not, excepting in so far as the amount and proportion of the trade on either side might alter. An increase or decrease of trade, or a change in the relation of the imports and exports, would of course affect the question.

264. Could it make any difference as to the means of India to remit home, whether the trade between India and China were conducted by a free competition of individuals, or through the agency of the Company?—Not, I imagine, directly; but indirectly, if the exports from England to China very greatly increase, the balance of trade between China and England may be so altered as to render China no longer a part of the chain between India and England; because if England fulfils its obligations to China by goods, that will for a time at least get rid of the necessity of making use of the bullion due by the latter country to India; and *vice versa*, if by an enlarged export from China to Europe, the debt due to that country be increased, then the trade between China and India may be expected to be still further used as a means of remittance to England. But as to the effect of any change in the mode of conducting the trade with China, I have no means of forming an opinion worthy of the attention of the Committee; for of China I know no more than any other gentleman in London who has paid attention to the subject.

265. The amount of trade remaining the same, the Company must have the same facility of remitting home by bills, by means of the trade of individuals, as they would have by the operations of trade in merchandize, if they were themselves the traders?—I imagine they would have the same facilities. They would of course lose the advantages of the profit of their monopoly; but that, though a very important item, I suppose to be excluded from the question of remittance.

266. Would not the Company labour under this disadvantage, that trade being very much monopolized by a few houses in Calcutta, they would be open to combinations among those houses, as well as to combinations among houses that might hereafter be established at Canton, supposing the Company's trade there to cease, and that those combinations would have the opportunity of doing as they pleased with respect to the rate of their remittance?—I have no reason to believe such combinations have taken place; and I am of opinion, that among the advantages of opening India more completely to British settlers, would be a dissolution of what may be called the monopoly, which, to a certain extent, the great houses enjoy. If the resort and settlement of Europeans had been always quite free to India, there would have been less ground for the fear of combination; since the trade of the country would, I think, have been distributed over a much larger body. It is one of the evils, I think, of the system which has been pursued, that the trade

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is so largely in the hands of a few, and one of the advantages with respect to the trade which I anticipate from opening the country to Europeans, is the establishment of many new houses. Already, in consequence of the greater freedom given by the present charter, a good many new establishments have risen in Calcutta ; and I think, that gradually, if Europeans had the power of settling there freely, and especially of establishing themselves in possession of land, there would be such a variety of interests connected with the trade, as to place the Company out of the reach of any such combination as is apprehended. At present certainly the mass of the trade is in the hands of a few houses.

267. Do not you conceive that those houses are favoured by the Company, so as to prevent the increase of commercial establishments in Calcutta ?—There is, I believe, no intention to favour ; but indirectly they may benefit by the system, since they have an interest in excluding others from the benefit of the position they hold, under which they have enjoyed what may be termed a monopoly of European intelligence and European credit. On the other hand, being established, with old connections and credit, they might gain more by the general increase of trade than they could lose by the competition of new establishments.

268. Is it not the case that the merchants of Calcutta depend very much upon their being on good terms with the Company's authorities ?—I do not think that the conduct of the government or its officers towards the merchants of Calcutta has, in any essential degree, been influenced by considerations of personal favour. I may mention, as a case in point, the introduction of the stamp law into Calcutta. Several of the merchants were very active in opposing it ; yet although we were, of course, eager for the law, the leading opponents to it received at the very time, or immediately afterwards, considerable advances from the government treasuries to assist them out of difficulty. Those advances were made without any reference to the favour or disfavour with which the individuals were regarded ; being indeed given with a view to benefit the trade, and not with a view to any personal considerations ; and generally, I should say, the same system has prevailed ; so that I conceive the merchants of Calcutta to be little, if at all, dependent on the terms on which they may be with the public authorities in matters of business.

269. Is not a house in India more dependent on the goodwill and favour of government than any house in England would be on the authorities of government under which they live, from the fact of the government in India being a sovereign government and a trading government at the same time ?—No, I think not ; I think they are quite independent as to all essentials.

270. In the course of the transactions of Government, either in advertising for bills or advertising for goods, has any suspicion ever attached to the Government in India on the part of the merchants there, of any individual merchants knowing the intentions of Government, or of any practices in the course of that proceeding that might be considered corrupt ?—I am not aware of any such suspicion being entertained. I have heard it whispered that sometimes the merchants got information as to the quantity of indigo which the Court of Directors had ordered to be purchased, but how they got it nobody could tell ; probably from some of the underlings. It was never, I believe, suspected to come from the Government, or from any officer of rank.

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271. Have you never heard of any house in Calcutta speculating in any article or in exchanges, in anticipation of a contract on the part of Government, which has been subsequently published?—No, I have not.

272. Nor any suspicion of that having been done?—No.

273. Would it have come under your cognizance if it had happened?—I think I should have heard of it.

274. In what department of the government is the business of remittance usually transacted?—In a matter of remittance, if there were any discretion left in regard to the amount, or the mode in which it should be effected, the question would be settled in the financial department. But the purchase of goods rests entirely with the commercial department; to which, after any finance questions touching remittance had been settled in the former, the resolution for the investment of the amount to be employed in purchasing indigo or any other article of trade would be transferred.

275. The Accountant-general and the managing secretary would generally exercise their discretion?—The orders from home relative to the investment have generally been such as to leave little or no room for the exercise of discretion. When there has happened to arise a question as to whether and how the funds could be raised, the Accountant-general and the financial secretary have been expected to state their opinions on the point, without having anything to do with the purchase of goods. And although the principle has been laid down very strongly from home, that the Indian government ought not to rest on England for financial aid, we have sometimes seen reason, in Bengal, to urge an opposite course. Thus I was on one occasion under the necessity of recording an opinion against a remittance of bullion, though ordered by the home government, but the decision rested with the Governor-general in Council.

276. Ordinarily speaking, do not the orders go out from home, stating in what commodities the remittance should be made?—Yes, all commercial letters are directed to the commercial department; and as the territorial has been indebted to the commercial branch, the latter has appeared to be entitled to require the utmost investment that might be thought expedient, till the debt was exhausted.

277. You stated the inexpediency of the Indian government raising money in this country, and showed the enormous loss arising from that transaction; you now state that you recommended that we should raise money in England for particular purposes?—I fear that in India we were generally too ready to lean upon England. But the recommendation adverted to was made at a time when it appeared that money could easily be raised in England at a low rate of interest, and when there was reason to apprehend that the required supply could be obtained in India only on comparatively very disadvantageous terms. The loan of 1812 was raised under very different circumstances; and the loss was in a great measure occasioned by its being raised through the means of three per cent. stock, with the obligation of discharging it by a sinking fund.

278. What do you consider to be the effect on India, paying as it does a tribute of above three millions to England annually, including private fortunes, what will be the consequence to India ultimately?—I consider it to be a disadvantage to any country to have to pay tribute to another; and among the advantages of governing

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India by natives, and of encouraging British settlers, one I think would be the lessening of the amount of that tribute. But I do not think that the burthen ought to weigh oppressively on such an empire as India, if its capabilities of furnishing produce be duly improved, and if England will take on equal terms the goods which are furnished.

279. How would you make the remittance to this country in bills?—I should periodically advertise the amount required, and invite tenders both in this country and in India, with the understanding that none would be accepted at rates less advantageous than a bullion remittance. If the remittance were established as a permanent system, I should imagine that the arrangements of merchants at home and abroad being made accordingly, no serious difficulty would be experienced in forming those of the government, and any delay that might occasionally arise from the necessity of remitting bullion, might, I conceive, be met by temporary loans from wealthy individuals or establishments.

280. How are you to judge of the bills to be sent home?—If adequately secured by goods, bills would be safe from whomsoever taken. But I should think that bills drawn or accepted by wealthy individuals might be taken without security.

281. Who is to judge of the wealth of the individuals?—The officers employed must be allowed a certain discretion, as I believe is done in remitting money from one kingdom in Europe to another by means of bills. In some cases the security of fixed property in India might be given; and when the bills of lading are required, I should think it too strict as a general rule to advance only three-fourths of the value. But in the present condition of the trade of India there are circumstances which may require particular precaution.

282. Are you aware that in the remittance you are speaking of, where three-fourths were taken, the indigo sold under the value of three-fourths after all?—Yes, I was aware of that circumstance; and the course pursued may doubtless be justified in the particular instance. But I should still doubt the fitness of such a general rule; especially if the trade of India were in a natural state.

283. Supposing you had a tender of a certain number of merchants' bills, would you have a power of saying, I will take such a man's bills, but refuse those of another merchant, would you suppose any individual could be placed in a situation to make such a selection; for instance, suppose some years ago you had been drawing on this country to a large amount, and Messrs. Palmer's house with others, had given in tenders, could you at that time have refused to have taken the bills of Messrs. Palmer?—Unquestionably difficulties would be experienced at present if any bills were to be taken in Bengal without security. But the rules with the officers of government would have been, that if entertaining any doubt as to the safety of a house, they should reject its bills, or require security. But the security of property on the spot might probably have been taken.

284. Would not any one house in Calcutta being in the predicament of not having its bills taken by Government, be immediately condemned as a house out of credit?—It certainly would have that effect, if the matter were not kept strictly secret.

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285. Supposing your mode to be followed of taking the bills of these houses at Calcutta; if they were taken without any security, the Government being from year to year in the constant practice of remitting this large sum, would not the consequence be that the Company would permanently be interested in the fate of those houses at Calcutta to a considerable extent; could it be done in any other way so as to exonerate the Company from that permanent responsibility, unless the bills were accompanied by security?—With the exercise of a sound discretion that risk might possibly be obviated or much diminished. I suppose security to be taken in any case of doubt; and I do not think it need be known when the bills of any particular house were rejected, unless the parties chose to make it public. The arrangement would be easier if establishments of respectability became more numerous; and already the number of houses has considerably increased, and I have little doubt but that the number will go on increasing. And if a discretion were left with the officers employed to purchase bills, I should think they might exercise it so as not to injure private credit, and yet to secure the Company, provided they acted upon a broad rule, that no bills should be taken to which the slightest doubt attached.

286. Could the Government, having so large a sum constantly to remit, refuse what might be called bills of average credit in Calcutta; could they confine themselves to the undoubted property in the place?—That must depend greatly on the amount they remitted in the shape of bills.

287. Should you look chiefly to the money-market in Calcutta, or to the money-market in London?—I should conceive that the money-market of London, and the credit of English houses, might be greatly relied upon when once the system of remittance was established as a permanent arrangement.

Martis, 28^o die Februarii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

HOLT MACKENZIE, Esq. called in and further examined.

288. Is it your opinion, that as the necessity of making large remittances to the continent of Europe during the periods of war in this country, has led to great exports of merchandize for the purpose of realizing sums on the Continent, so the necessity of making remittances from India to Europe has led to a large import of opium into China; and do you not consider the opium trade as very much promoted by that necessity of making Indian remittances?—I should apprehend not, since a great part of the opium is paid for in bullion; and if the price in China be sufficient to enable the Indian merchant to realize a profit, bringing bullion to India, I should take that as sufficient proof that the trade is in what may be called a natural state, and depending upon the effective demand of China alone, without any

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any reference to the necessity of making a remittance to England, though a portion of the demand of Bengal against China is very conveniently transferred in the payment of a portion of the debt due to China by England.

289. Do you mean that in China a portion is paid in bullion, or that in the immediate export of opium from India it is paid for in India in bullion to the Indian merchant?—I referred to the payment in China.

290. You mean that the opium exported to China is paid for in China with bullion?—Yes, excepting that portion which is paid in goods and in Company's bills; but there is still a large balance paid for in bullion.

291. Is the mass of bullion which forms the payment for the opium, do you apprehend, re-invested in China in the purchase of teas, or does it form an article of export from China?—Partly both. A portion is invested in teas, almost the whole of which may be considered as represented by the bills drawn by the Company's supercargoes on Bengal; a large portion remains to be paid for directly to India by merchandize sent to that country, and by an actual remittance of bullion partly to Bengal and partly to Bombay.

292. Do you attribute the large increase in the opium trade which has taken place since 1830, the increase being from 500,000 to nearly 3,000,000, to an increasing demand of the Chinese for opium, or do you attribute it in any manner to the trade being forced to find remittances from India to Europe?—I consider it to depend entirely upon the demand of the Chinese; and that the circumstance of their paying a large balance by an actual remittance of bullion, may be considered as conclusive evidence that the trade is not forced by any circumstance, such as that adverted to. From such accounts as we have from China, I am led to believe that the taste for opium has very much increased, and especially as the price has fallen. I have no doubt, however, that gradually the smugglers have become more skilful, and the government officers possibly more corrupt; and it has been said that the use of opium having extended to the palace, there has been some relaxation of the law in practice, if not avowedly: but in regard to the circumstances of China, I do not consider that I have had any advantage in gaining information above gentlemen residing in this country.

293. Has the price fallen materially of late years in China?—Very greatly.

294. From what price to what price has it fallen?—The price has varied extremely; I recollect it upwards of 2,000 dollars a chest, and I believe it has now come down to 700 or 800.

295. Principally from the competition of Malwa opium?—Principally from the competition of Malwa opium, and the greater extension of the supply of Bengal, in consequence of the government of Bengal seeing the necessity of meeting the Malwa opium by reducing the price, or supplying the market so largely as to produce that effect.

296. Is it not important for the permanent continuance of that branch of trade that the opium should be supplied from India at a moderate price, yielding not more than a reasonable profit upon the cost of production; and is there not a danger that if an artificial price be placed upon it by limiting the trade to the Company, other countries may be tempted to engage in the growth and trade of opium with China?—There is certainly very serious danger, unless the price is so moderate

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moderate as not to afford an excessive profit to opium brought from other countries than Bengal. The extent of profit which the Bengal government can realize upon its prime cost seems to me to depend upon the cost of production in other quarters; and that if, as we suppose, it can be produced much cheaper in the Bengal provinces, or rather I should say, brought to Calcutta at a much cheaper rate than it can be brought to any other port of export, the difference between the cost of the Bengal article and the Turkish or Malwa opium at the port of export may be secured as a monopoly profit to the Company; but beyond that I conceive it impossible that the Company can derive a permanent revenue from opium.

297. Would there not be much greater facilities for making remittances to India if the number of commercial operations between India and Europe were multiplied: you are aware that, at present, they are to a certain degree fettered by limiting the number of Europeans who can settle there, and also by the interference of the sovereign power in commercial operations, either direct or indirect. The general question is, whether making remittances from one country to another is not materially facilitated by increasing to the utmost extent commercial operations between the two countries?—I should imagine that the remittances may be very greatly facilitated by that means, particularly as there seems reason to think that articles of export from India may be produced more abundantly. In proportion as general trade is extended, the facility of remitting will, I conceive, be increased. The means of remittance at any particular time depends, of course, chiefly upon the balance of trade; but I should think that, in the long run, the power of remitting a given sum must be found to be in proportion to the aggregate trade upon which the remittance may have to be effected, and that the tribute due by India to England will less materially affect the exchange in proportion as the trade is extended.

298. If Europeans were allowed to hold lands in India, might not that materially facilitate the giving security for the bills which, in a former answer, you have contemplated that the East India Company might purchase for the purpose of making remittances to Europe?—I should think greatly; but that would depend upon the degree in which the holders of lands were themselves exporting merchants: probably, if not themselves exporting merchants, they would be connected with others whose credit and theirs would go together; and one essential facility, I should think, would result from the connection between persons settled in India and respectable houses at home, who would grant credits to enable them to negotiate bills, as funds might be required by them in India; in the same way as, I believe, Americans and French now bring to Bengal letters of credit from houses in London. I should think, in truth, that we may safely assume that the matter would soon settle itself; and it strikes me as clear that everything which adds to the wealth and trade of India and England, must facilitate all dealings between the two countries, and remittance among the rest.

299. Do you think it would be more injurious to the credit of mercantile houses whose names appeared upon the bills, that the Indian government might reject, in exercising its own judgment as to what bills it shall or shall not discount, than it is to the credit of merchants in this country to have the bills they send to the Bank for discount rejected, as constantly happens?—No, I am not aware why it should be; and

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and of course the danger of any such consequence would be greatly diminished if the number of establishments multiplied, as I have no doubt it would, and if trade was less confined to particular houses, resting upon what may be considered rather an insecure basis, I mean trading chiefly upon credit, with comparatively a small amount of proper stock.

300. Is not the amount of the annual remittances to this country nearly stationary, owing to its being required principally for paying salaries for past services in India?—The Company's remittance has hitherto varied considerably, but chiefly from its being connected with the payment of the capital or the interest of the loans. Of the Bengal registered debt, the only loan remaining, the interest of which can now be demanded as of right, is what is called the six per cent. remittable loan, and on that score there ought hereafter to be little fluctuation. The principal of the debt is indeed also demandable in bills when it shall be paid off, and any arrangements for the discharge of that debt might certainly occasion a very great and sudden demand for remittance; but the payment of the loan depends on the will of the government; and excluding the contingency of its being discharged, the Company's remittance will, I imagine, be hereafter steady, though it may gradually increase if measures be not taken to limit it.

301. If the Company's remittances varied but little from year to year, do you not think that attempts would be made by merchants to provide bills, to meet those remittances; and would not the constancy of the demand for bills, and the amount being well known beforehand, be very likely to regularly secure the means of making the remittances?—I should think so; and I consider indeed the experiments which have hitherto been made to be no fair experiments, from the circumstance that they were adopted as temporary expedients, without any systematic plan directed to the object of effecting remittances through private channels, and that the merchants had no sufficient warning to enable them to make their arrangements to meet the government demand.

302. With regard to the inconvenience which may at present arise, either to finance or commerce, from the separation of the Ceylon government from that of India, what are the advantages that you contemplate would result from combining the government of the two under one head?—I should think that if Ceylon formed part of the general government of India, its administration might probably be placed on a more economical footing; and the trade of the island, and of the adjoining districts of India, would probably be promoted by the abolition of duties likely to interfere with their commercial intercourse; whereas the arrangements of the two governments are now, as far as I understand, made without any reference to their joint interests as part of the same national concern.

303. With reference to the explanation you have before given of your views as to the present amount of Indian revenue covering the increased amount of charge that might arise in times of war, do you consider that taking the average of the revenue for the last ten years, that the charges incidental to war would be sufficiently covered by that average, taking into consideration all the reductions which good economy would suggest?—I had not immediately in mind the period specified; but taking the amount of revenue which, from the average of the past, may be fairly reckoned upon, and supposing reductions to be effected to the extent to
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which I think they may be made, indeed not going beyond what I believe the Government to be now actually doing, I see fair reason to think that there will be sufficient means; but as I said before, any prospective estimate must be given with the greatest uncertainty. I think that the expences of Bengal must very much fall short of the revenue.

304. You stated that by the conquests that had been made by the Bengal government, further security had been given to our frontier in every part of it; and that, therefore, there was less apprehension of having the frequent wars that existed in former periods. From that view of the case, might you not be led to expect that the charge for war would be lighter than it has in past periods been?—I should think there is fair ground for expecting such a result. I consider the position of British India to be much improved by the circumstance I have mentioned; and that the chances of war have greatly diminished.

305. And therefore the sum to be set apart for insurance against war, would not require to be so large as in former periods?—Not so large, certainly.

306. Have you considered at all, in the event of the China trade being thrown open, what would be the practical means by which the remittances from India to England could be effected through the China trade?—I have already stated that China pays to India a considerable balance in bullion, and China has a balance to receive from Europe, to which India has a debt to discharge. In proportion, consequently, that Bengal can transfer to England its demand upon China, in that proportion will its remittance to England be facilitated.

307. Would you then propose that the importers from India to China, instead of bringing back bullion from China, should draw bills upon England, and receive by that means the corresponding amount?—With his bullion he might purchase bills on England from a party exporting goods to this country from China, and then effect his remittances to India by means of such bills instead of bullion.

308. The question had reference to the means of extending the bill market, supposing the government of India to give up the remittance of goods. how would you bring the Canton market within the means you have stated?—The bills purchased in China with the proceeds of opium or other Indian goods, being sold in Bengal for cash, and they might be purchased there by the Government, would form a remittance from India to England: or an agent of the Indian government in China might purchase bills on England with money raised by the sale of bills on India; or parties accredited by houses in England might be empowered to draw from China on Bengal, on the condition of a corresponding sum being made good to the home treasury, and other arrangements would probably suggest themselves in the course of business. The question, indeed, how far China could facilitate the remittance from India to England more than it now does, would depend upon how far the trade was increased, and on the state of the balance between that country and Europe.

309. You state, that when the government of Calcutta accept bills upon London, they accept them only to the extent of the value of three-fourths of the cargo, and that the cargo, on arriving in London, is security for those bills. How would you make the same security, or an equally good security, applicable to bills accepted at Canton?—The same security might be required if an agent of the government were

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and of course the danger of any such consequence would be greatly diminished if the number of establishments multiplied, as I have no doubt it would, and if trade was less confined to particular houses, resting upon what may be considered rather an insecure basis, I mean trading chiefly upon credit, with comparatively a small amount of proper stock.

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to take bills at Canton. But probably that would not be necessary, if the remittance were settled on a permanent plan.

310. Do you suppose it possible, consistent with good faith and the engagements of the Company, to make any considerable portion of what is now paid by the Company in England, payable to the parties themselves in India?—A considerable portion of what has been paid in past times, has arisen from interest of debt which was only demandable of right in Bengal, and in so far as the interest bills from Bengal have exceeded what belongs to the remittable loan, which is between 8,000,000 and 9,000,000, bearing an interest of 6 per cent., payable, in the case of proprietors resident in England, by bills at 2 s. 1 d., to that extent the amount paid at home exceeds what is necessarily remitted through the government treasury. Government has also occasionally remitted a good deal of the principal of the loans; the whole of that was of course a matter of option. And although it is extremely desirable to get rid of this remittable debt, which bears an interest of 6 per cent., the discharge of which might throw a large demand upon the English treasury, that is a matter, which being entirely within the option of the Government, may be considered quite separably from any question relative to the ordinary demand for remittance which the Company has to meet. of that demand there will be a considerable decrease in the item of interest.

311. Do you mean that there will be, or that there may be?—That there will be; the order has already passed putting a stop to all remittance of the interest of the 5 per cent. loans.

312. In a financial point of view, what is your opinion with regard to the currency in India; do you think it should be one currency for all the Company's possessions in India, or that each presidency should have its peculiar currency?—I certainly think it should be one currency for all India.

313. Will you state the advantages to be derived from that?—The saving to Government of the expense of re-coinage, in the case of a remittance, which frequently happens, of money from one part of the country to another; and the loss and inconvenience to private merchants and others who have to make remittances in like manner, would be obviated; whereas now the rupees of one place are received merely as bullion in the other, and excepting at the mints, are not legal tenders at all. The troops when moved from place to place are particularly subject to inconvenience and loss from this cause; and Government has been occasionally embarrassed in providing the funds locally required, with the promptitude necessary to the public service. The pay of the troops being calculated in a coin not current in Bengal, there is occasional trouble in the conversion of accounts; and officers and seepahees complain when they receive a less number of rupees than their stated pay, though the intrinsic value be even greater. Probably if we had but one currency the mint expenses might be reduced. I think it likely, indeed, that we might discontinue the mint at Madras; but on that point I have not been able to form a conclusive opinion.

314. Exclusive of the profit to the Government, you think that the trade universally would be very much benefited by such a change?—I do; the unnatural distinction of currencies must aggravate the fluctuations of exchange, and by the charges of recoinage frequently occasion a burthen to commerce that would not otherwise exist.

315. You

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315. You are aware that very considerable expenses have been incurred of late in providing mint apparatus?—Yes, both in Calcutta and Bombay.

316. In your opinion, would a very considerable saving in that respect arise?—I should think so.

317. What is the legal tender in Calcutta?—The silver coin is the Calcutta sicca rupee; the gold mohur is also a legal tender for 16 rupees; but as the relative value of gold in the market has risen much above the mint rate, and the mohur consequently may be sold sometimes for 18 rupees, it has ceased to be a currency; and therefore, practically speaking, I may say that the only legal tender is the Calcutta sicca rupee.

318. Is that a coin?—Yes.

319. Then the gold coin sells at a premium?—Yes.

320. At what premium does it sell?—I have known it one-eighth.

321. Does it exist in a considerable quantity at Bengal?—A considerable quantity is supposed to exist, being hoarded by the natives, who also use it in making ornaments.

322. A person having engagements at Calcutta to pay in rupees, the individual is not bound to pay anything but the silver rupee, is he?—No.

323. Practically, is there much foreign coin, Spanish dollars, or any other coin, in circulation at Calcutta?—None in circulation.

324. When it arrives, what becomes of it; is it sent to the mint to be coined, or what becomes of it?—That depends much upon the state of the exchanges. Formerly the greatest portion was coined in the mint, the rest being exported chiefly to the Company's possessions in the western provinces, and the native States in Hindostan. Lately, since the import of bullion has become less considerable, and there has been a demand for remittance to England, the dollar and other foreign coins are, I believe, purchased for remittance, instead of being sent to the mint for the purpose of being coined.

325. Since what time has the sicca rupee been the legal tender of the country as a coin?—The sicca rupee has been a legal tender in Calcutta ever since we acquired the country. The present sicca rupee bears the date of the 19th year of the last king. There were three rupees; the current rupee, the sonat rupee, and the sicca rupee. But previously to A. D. 1773 the rupees were distinguished by the years in which they were coined; that is to say, the impression bore that they were struck in such a year (*sun*) of the reigning king of Delhi; and after circulating four or five years they suffered a depreciation, whether they had lost weight or not, being reckoned sonat rupees, *i. e.* rupees of years. These, with several other coins, continued to circulate at different rates of discount, and accounts were kept in a nominal coin called the current rupee, which was probably taken at the rate of 116 to the 100 sicca rupees, to represent the average of the currency actually in circulation. The first step to reform was a resolution that all rupees coined in future should bear the impression of the 19th year of the reign of Shah Allum, so as to put an end to the arbitrary distinction previously made to the coinages of different years; and in 1792–3 the sicca rupee was by the rules contained in Reg. XXXV of the Bengal code, rendered the only legal silver currency for the provinces of Bengal, Behar and Orissa. The sonat rupee is still used in the

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military accounts, the pay of the Bengal troops being reckoned in it; it is considered as equivalent to the Furruckabad, Madras and Bombay rupees: the discount on issues of Calcutta sicca rupees being the same as the old rate of depreciation, viz. $4\frac{1}{2}$ per cent.

326. Was that depreciation the effect of wear, or was it sweated?—It was partly real and partly nominal. It was generally supposed that while the rule continued very considerable profits were made by money-dealers, who gathered the old rupees before they had lost weight, and bringing them to the mint for recoinage obtained their full value. That practice was put a stop to by the resolution to coin only rupees bearing to be struck in the 19th year of the Emperor Shah Allum.

327. In what year was that?—I do not immediately recollect the date. It was about A. D. 1773, but the reform of the currency of Bengal was not finally provided for until the system described in the code of 1793 was established; since that time all other rupees but the sicca rupee have been received as bullion, and not re-issued by government. The sicca rupee used to be receivable as of full weight, only if the deficiency did not exceed six anas (6-16ths) in 100 rupees. Since 1818 the limit has been extended; a deficiency of two pice, *i. e.* 2-192 parts, or about two grains, being allowed in each coin. If the deficiency be greater, old rupees are received only as bullion, but they are not subject to any mint charge for recoinage: whereas other silver bullion has, since 1812, been subject to a seignorage duty of 2 per cent.

328. Are the Committee to understand that the present law with respect to the mint is, that there is a 2-per-cent. charge upon silver, and that the old coins are coined without expense?—Yes, that is the present law.

329. They give them the same weight as the old rupee?—Yes.

330. That being the state of the case, does there exist only the sicca rupee in circulation throughout the country?—The Calcutta sicca rupee is the only legal currency in Bengal, Behar and Orissa.

331. And the sonat rupee and all the depreciated rupees have gone out of circulation in consequence?—Not entirely: in the remoter districts, and in the dealings of the poorer classes, different rupees appear still to be in circulation; but the mass of the currency is the Calcutta sicca rupee.

332. Does the sicca rupee pass now without any difference of value arising from the different years in which it has been coined?—Yes, because the impression upon the rupee has ceased to express the year.

333. So that the distinction made by the natives was a distinction arising more out of prejudice than out of any difference of intrinsic value?—I imagine it arose partly out of a difference of intrinsic value, partly out of prejudice, and partly out of the arts of the money-dealers, who were gainers by the belief of what was not the fact, and whose influence on the mind of the public has always been great in India, with regard to all such transactions.

334. Is the sicca rupee a legal tender by tale, under which a person having a claim against another in Calcutta of 100 sicca rupees, may pay them if he pleases by 100 of the current coin?—He may pay private demands by tale, provided the deficiency does not exceed the prescribed rate of two grains, or 2-192 parts,
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in any one rupee. All coins are still received at the government treasuries, in liquidation of demands by Government against individuals, as bullion, although inferior in weight.

335. In the transactions between individuals are they legal tenders, if allowance is made for deficiency in weight?—No, they may reject them

336. Be so good as to state to what extent of India this state of currency is applicable?—The same rules prevail throughout the British territories, but the Calcutta sicca rupee is confined to Bengal, Behar and Orissa, and the countries adjoining to Bengal, which were conquered lately from the Burmese. In these recent conquests the Calcutta rupee is I believe generally current; but I am not able to say to what extent the old coins are still prevalent. It has been the object of Government to introduce the sicca rupee, and it is the only currency in which accounts are kept.

337. Does the same state of things exist out of the Company's territories, within the districts that are not belonging to the Company, but are merely tributary?—No; in general the state of currency out of the Company's territories is very irregular

338. Each sovereignty has its own rupees?—Yes.

339. Do they vary much?—Very considerably.

340. Are they upon a very bad footing, complicated and inconvenient?—There is much inconvenience from the number of them, and from the limited extent of country for which each is current.

341. Do those separate governments ever play tricks with their money by raising or lowering its value?—The value has undergone considerable fluctuations, but whether from fraud or not I cannot positively say.

342. Did not the Government a few years ago increase the weight of the rupee, leaving the quantity of silver the same, and increasing the weight by alloy; and for what reason?—Yes, in the year 1818, by Reg. XIV. The chief reason was that the rupee being much purer than other coins, and more especially than the Spanish dollar, of which the import into Calcutta was large, a considerable expense was incurred in refining, and some delay occasioned. It was thought particularly desirable to give its full value to the Spanish dollar, minus the government seignorage.

343. Was there any depreciation in the pure silver?—None.

344. Has the better principle of our own currency in India had a tendency to increase the extension of that currency into the states of the native princes; is it spreading?—I am not aware that it spreads from that cause; the Furruckabad rupee, which is struck for our Upper Provinces, has spread considerably, but I believe the cause to be the course of commercial intercourse.

345. Is not all the pay of the military, whether they are paid in the provinces or Calcutta, calculated in sonat rupees?—Yes.

346. Are not you therefore, in making up your accounts, invariably obliged to charge the batta?—Yes.

347. Does not that complicate all military accounts?—It does.

348. When you left Behar you came formerly upon the Benares rupees?—Yes.

349. Has that been abolished?—Yes.

350. Was not the Benares rupee circulated as sonats?—Yes, both the Benares and the Furruckabad rupees.

351. Would

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351. Would not one uniform coin, wherever the Company's troops and civil establishments exist, be very advantageous in every point of view; not only as regards commercial dealings, but the pay of the Company's servants?—I think so, particularly in the pay of the troops; since, when they come into Bengal, Behar or Orissa, they are now paid with a deduction from their nominal pay, which is of course a very unpopular thing, not only with the native troops, but with every officer whose 100 rupees are converted into 95 and a fraction.

352. Does he get the same quantity of silver?—Yes, rather more, but that does not prevent complaint nor inconvenience.

353. Do not frequent remittances on public account take place between the different presidencies in India?—Yes.

354. Is it done by bullion or by bills?—By bills, if they can be negotiated on favourable terms, if not by bullion.

355. What is the value of the Madras rupee as compared with the Bengal?—The difference is about $6\frac{3}{4}$ d per cent.; the one weighing 192, and the other 180 grains troy.

356. In Bombay again is not the rupee different?—The Bombay rupee now has been put on a footing with the Madras rupee; it formerly was a trifle less valuable.

357. Is the Madras rupee coined at Madras by the Government?—Yes.

358. By a mint sent out for that purpose?—No; the mint was built by the Government there.

359. Are the Bombay rupees also coined at Bombay?—Yes.

360. From the manner in which the territories now under the three presidencies mix together, are not the troops of one presidency frequently placed in a territory belonging to another presidency; and do not the payment of the rupees, differing so much as they do, occasion great perplexity and great trouble?—The troops of one presidency are not often in territories belonging to the other presidencies, but they are so posted, as to render it convenient that we should be able to supply the troops of all indiscriminately from the treasuries of either.

361. Have you any opinion as to whether gold should be made a tender with silver, or whether silver should continue the currency, from what you know of the manner in which the natives view the two metals?—I think silver should continue the currency, and that gold should be left to fluctuate as an article of merchandize.

362. Are you aware of the expense to the Government, or charge of coinage in Calcutta?—I cannot immediately state the net charge. When the importation of bullion was considerable, the mint not only paid itself, but yielded a certain net profit: it is now a source of considerable expense; but of course the result depends upon the quantity of private bullion brought for coinage.

363. Have you directed your attention to whether the rupees might not be coined in England, provided there was one coin in India, with greater economy than in India?—I have not much thought of the practicability of such a scheme; though the matter has casually occurred. It has seemed hitherto that the demand of private individuals for a coinage of the bullion brought by them to our mints has been so great as to require that an establishment should be kept up; and if an establishment be kept up at all, it appears to be better, and even economical, that it should execute all the work that is to be done.

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364. Do you consider that there would be any considerable difficulty in establishing one coin throughout the Company's possessions?—I do not think the difficulties are insuperable, or such as ought to dissuade the Government from adopting the measure, considering the advantages to be derived from it.

365. If you made the attempt to assimilate the coins, would you take the sicca or Bengal rupee, as that coin?—I should take a coin equivalent to the Madras rupee. It is within a trifling fraction of the same value as the Furruckabad rupee, and it is also equivalent to the Bombay rupee; all the three rupees being considered equivalent to the sonat rupee, in which the pay of the troops in Bengal is fixed. The local currency of Bengal, Behar, and Orissa, ought, I think, to be discontinued; and although the permanent settlement has been fixed in that currency, and in it all the government loans, as well as all individual engagements within those provinces, are expressed, I do not apprehend that the difficulties arising from that cause ought to stand in the way of the measure: and all engagements should, I conceive, be converted from one currency into the other, on the principle of intrinsic value.

366. You conceive that the holders would understand the change which should take place?—The holders of the public securities would certainly understand it.

367. You would avoid the change which would affect the lower class of people, who, taking things by their name rather than by their intrinsic value, would not understand the nature of such a change?—My chief reason for preferring a rupee of 180 grains to the Calcutta sicca rupee is, that the circulation of the former is much the most extensive. It is common to the presidencies of Madras and Bombay, and in the Bengal presidency, to the province of Benares and all the country to the north-west. It is the rupee in which the pay of the army is expressed, being issued at par with the sonat rupee; and in its general use would obviate the necessity which now is experienced in Bengal, Behar, and Orissa, of taking a batta of discount from the troops, when paid in Calcutta sicca rupees. We shall thus remove a cause of complaint; whereas, if the Calcutta sicca rupee were taken as the general standard, that ground of complaint would be much extended, unless a large addition to the government charges was made by issuing it at par with the sonat.

368. What is the ordinary rupee of account?—The Calcutta sicca rupee.

369. Would it not be necessary to make a remission to the zemindars, or take a greater number of rupees?—I conceive that a greater number of rupees might be taken without any serious objection.

370. Do you think there exist any means of ascertaining the loss which the Company now suffer by being obliged to import bullion received from one presidency, in order to convert it to the presidency for which it is sent?—No, I imagine not very accurately.

371. Have you any opinion as to increasing or decreasing the seignorage in order to pay the expense of the mint, so that it shall not become an expense to the Government?—I think the seignorage might be somewhat raised. The chief difficulty that I have on the subject of seignorage, is the facility of imitation. I do not apprehend that an additional 1 per cent. would enable individuals to imitate the rupee; but the effect on exchange must be also considered, and I should be against a very considerable increase.

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372. Might not the rupee be coined in Europe and exported, if the seignorage were placed too high?—It would be necessary to attend to that consideration. Probably some opening or point might be formed from experience of the practical effect of the seignorage levied on silver coin in this country; making allowance for the restriction of its currency as a legal tender for small sums only.

373. Are the Committee to understand that your opinion of the amount of seignorage is that it should be the cost of manufacture as nearly as possible, and so as not to encourage counterfeit coin by carrying it beyond that limit?—That seems to me the proper general rule; but if the cost of manufacture in India should exceed 3 per cent, we must, I think, be content to bear the loss, instead of charging a higher seignorage.

374. Should you suppose it probable that coin manufactured in Europe with the best manufacture, and by the best artists, would be likely to find any imitators in India, so as to endanger coinage?—No, I apprehend not; indeed one great object of getting for the Calcutta mint the machinery which was sent from England, was to obviate the danger of false coining.

375. When the English had possession of the Burmese territory, are you aware in what way they found the payments there, and whether they met with any difficulty in taking the Indian currency?—No, I am not aware of any such difficulty having been experienced.

376. Is the coining of false money a crime prevalent in India?—There have been frequent instances of false coining.

377. How is it punished?—If committed by a person amenable to one of the King's courts, it is punishable, I believe, by transportation for life, or by imprisonment for a period not exceeding four years; in the criminal courts of the country it is punishable by imprisonment, or banishment from the district, for the term of 14 years.

378. Do you remember, within your own recollection, as many as six, eight or ten cases?—I remember several instances in which complaints were made of the appearances of false money; I do not immediately remember any conviction for the offence. In some cases it was supposed that the false money came from the Oude territory.

379. Is there much false coin rejected at the bank, or at the public offices?—Not, I believe, to any great extent, though there are frequent instances of it.

380. In what shape is the bullion exported to India; is it in bars, or is it in dollars?—The bullion imported into Calcutta consists chiefly in Spanish dollars; that brought from China is partly also in lumps called sycee silver, fine silver: from the Persian and Arabian Gulfs, the imports consists chiefly of different coins: from Europe and South America, the import has been made partly in ingots and partly in coin. Gold dust comes from the Eastern Islands.

381. Have you ever considered what would be the effect, as a measure of economy, of endeavouring to make half and quarter dollars circulate as currency in India?—No, I have not.

382. Might it not be attended with great saving to coinage if a coin current in all the world were made an Indian currency?—I apprehend that any addition to the number of the coins current would be a source of vexation and annoyance to the people,

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people, and that our great object should be as far as possible to simplify the currency; the poorer classes are always subject to loss in exchanging money.

383. Do Spanish dollars circulate at their value?—In Calcutta they have ordinarily obtained their mint value, excepting when there has been a considerable demand for remittance, and then they have risen to their intrinsic value; they do not properly form part of the circulation, but their value is well known throughout India, and in the remotest districts I believe the money-dealers will readily purchase them, though they are not received in payments in the market.

384. Can you state at what period the increase in the value of gold currency compared with that of silver took place?—It appears to have arisen gradually since 1793.

385. Has any considerable increase taken place since 1814?—I believe that there has been a considerable increase since 1814.

386. When bullion is exported from India is it exported as sicca rupees, or melted, and the silver itself exported?—When it is necessary to export rupees, I do not believe they are ever melted down for the purpose; but of course, so long as bullion can be found in the market at a price below the intrinsic par, the preference is given to it. There is no restriction on the export of the coin.

387. If the Company are ordered to send money to other parts, do they send uncoined bullion?—In sending specie to places where rupees are not current a preference is always given to the uncoined bullion, as far as there may be a balance in the mint, or as it can be advantageously purchased in the mint.

388. Would they send the coin of the country?—Yes; but they would begin by sending bullion as far as it may be procurable on advantageous terms.

389. When was the government bank first established in Bengal?—In 1809, I think.

390. Have you been intimately acquainted with its operations since?—For a considerable part of the time.

391. What has been the effect of its circulation on the Government, and the convenience of commercial dealings, and of the Company's dealings, since it has been established?—I think it has been a source of great convenience both to the community and to Government, especially in Calcutta, where its notes have chiefly circulated. They have also afforded an advantageous means of remittance to and from the districts.

392. In point of fact have not remittances of bullion, as the only means of paying the balances from district to district, a good deal ceased now?—The necessity of such remittances has been lessened.

393. Is there any bank established at Madras similar to that at Bengal?—Not precisely similar, I believe.

394. At Bombay?—There is no bank at Bombay.

395. Are not the India Company proprietors of the bank?—They are part proprietors.

396. In what proportion?—They advance 100,000*l.* out of 500,000*l.*

397. Did the proceedings in that bank commence by an actual collection of bullion equal to the capital of the bank?—I believe that a part of it was subscribed in treasury notes, but I cannot speak positively to the amount; it happened

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a good many years before I had any concern with the bank or the finances of government.

398. Does the bank keep accounts with individuals in the country?—No, its transactions are confined to Calcutta.

399. Do you contemplate that if one uniform coin were circulated in India, the business by banking would also very much increase?—I think the increase of banking must depend rather upon the character of the commerce than upon the nature of the currency. It does not occur to me that it is the state of the currency which constitutes the difficulty in the way of extending our banking operations, but rather the condition of the country.

400. Is the bank in Bengal established upon the same principles as the Bank of England; is it a bank of discount and of deposit?—Yes, it is a bank of discount and of deposit.

401. Is it nearly upon the principles of the Bank of England?—I am not sufficiently aware of the principles on which the Bank of England is conducted.

402. Is it under Act of Parliament?—It is under a charter granted by the Governor-General in Council, by virtue of powers vested in him by Act of Parliament.

403. Have the Government power, under their own authority or Act of Parliament, to establish more banks than one?—Yes.

404. Having the power, how is it that they have not granted authority to any other bank than that in which they are partners?—There is no prohibition against the establishment of other banks.

405. Have they given a charter for the establishment of any other banks except that in which they are partners?—No.

406. Have they been asked, and have they refused to grant charters for the establishment of other banks?—Some years ago the government of Bombay proposed to establish a bank there, very nearly I believe upon the principle of the Bengal bank; but the proposal was disapproved by the home authorities, and their opinion appeared to be generally averse to having new banks established by authority.

407. Are you aware upon what principle it was that the refusal to allow other charter banks to be established was given?—I do not immediately remember the reasons stated: my present impression indeed is, that the letter from the home authorities did not enter into detailed reasoning; but that they rested generally upon the danger of abuse; on the difficulty of exercising an effectual control; and on the apprehension that the grant of a charter must, in the public estimation, constitute a bank a government concern, even though they should have no other connection with it.

408. What is your opinion of the force of such reasons?—I do not think there is any sufficient reason for withholding a charter, provided it contains suitable rules, and that the officers of the government have access to the accounts of the institution to see that it conducts its concerns on proper principles: whether private banks would assent to the requisite restrictions, I cannot say.

409. Do you think it expedient or inexpedient that the Company should be a partner in chartered banks?—My own impression is, that the share which the
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Government has had in the management of the Bengal bank has been advantageous to the public, but I speak with the prejudice of one who has had a good deal to do with the concern.

410. May not the circumstance of the Government having a share in one bank, have tended to direct its policy in refusing to allow other chartered banks to be established?—No; I apprehend that the largest possible dividend upon 100,000 *l.* is a matter of comparative insignificance to the Government.

411. Be so good as to explain the constitution of the directories of the bank?—I have already stated that the capital of the bank is 500,000 *l.*; of that capital 100,000 *l.* is subscribed by Government, 400,000 *l.* belonging to individual shareholders; a share is 1,000 *l.* The precise number of proprietors I am not now able to state, but no one proprietor can hold above 10 shares; there are three directors appointed by Government, and six elected by the proprietors.

412. In point of fact are there any of the directors who take the lead more than the others; do the government directors take the lead more than those appointed by the proprietors?—In general the president of the bank, who has always been hitherto a government officer, took the lead; the bank directors, or a part of them, meet once a week to examine the state of the accounts, to determine the extent and rates at which accommodation is to be given, and to settle various other matters which may be submitted to them by the secretary. In the intermediate days private bills offered for discount are sent in circulation in shut boxes, and referred generally to two of the private directors and to one government director.

413. Is the president elected by the directors, or is he named by the Government?—He is elected by the directors.

414. Can the six overrule the three?—Yes.

415. What class of persons are the directors?—They are generally chosen from among the principal merchants of Calcutta, but I have known instances of other individuals being directors.

416. Are the government directors all official men?—They are all official men.

417. Is the president paid?—No, none of the directors are paid.

418. For what period does the presidentship last?—He is elected once a year, but he may be re-elected.

419. What class of people are the shareholders who elect; are they the residents of Calcutta principally?—No; there are some residents, and of course all the directors must be proprietors; but a considerable number of the proprietors are retired civil and military officers.

420. Do they vote from England?—They can vote by proxy; and if I recollect rightly, the charter allows their having a proxy even when in England.

421. Do you know whether they do vote by proxy?—I do not recollect whether residents in England did leave their proxies.

422. Can natives vote?—Yes.

423. Can natives become directors?—Natives can become directors if chosen by the proprietors.

424. Has Government at home any influence in choosing the directors?—I do not recollect its ever interfering; but an order from home relating to the three government directors would doubtless be implicitly obeyed.

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425. Does the Government vote for the six?—No.

426. Has the constitution of the directors led to any collision between the Government and the commercial directors?—I do not remember any collision; there has often been a good deal of discussion.

427. Is there any difference of opinion as to the financial concerns of the Government at the time of the Burmese war?—I do not recollect any matter on which there was division in the bank; but the expenses arising out of that war occasioned a good deal of discussion on various subjects.

428. Are the notes of any other bank taken in payment of the Government demand?—No.

429. Have there been no complaints by the public with regard to the discounts?—Complaints have not unfrequently been made.

430. Have the Company ever received large advances from the bank?—I do not remember any advance having been made excepting on the occasion of the Burmese war; at the commencement of which, the bank having large funds unemployed, it subscribed a large sum to a four per cent. loan then opened. Afterwards, when the state of the funds rendered the measure necessary, the bank got rid of the Company's paper by a resale, with the view of extending its loans and discounts.

431. What was the amount that was subscribed?—Twenty-five lacs.

432. Did they subscribe the 25 lacs of rupees at the commencement of that loan?—Yes, almost immediately after the loan was opened.

433. Is that the largest subscription to any loan?—It is the only subscription that I remember. They have always held a certain sum in the Company's securities, as a mode of investing part of their capital, but these have been generally purchased in the market from individuals.

434. Are you aware of any great losses that they suffered, either by forgeries or by bad debts, within the last four or five years?—They have lost considerably by bad debts; and recently still more by forgery.

435. In what way?—A large portion of their advances are made to individuals, native and European, on the security of the Company's paper. It turned out that a part of the Company's paper which was so deposited was forged; and unless funds belonging to the native from whom it was received can be traced and recovered, the bank must sustain a considerable loss. They also sustained a loss from the failure of Palmer and Co., but I do not apprehend that will be very considerable.

436. Who were the forgers in the instance you mentioned; were they natives or Europeans?—Natives.

437. Is it a common crime in the country?—Forgery is a common crime in the country.

438. Are they clever at it?—In the case in question the imitation of the signatures was surprisingly accurate; but I do not recollect any forgery showing much skill of mechanical execution.

439. Did that crime exist before the introduction of the bank into Bengal?—Yes, from time immemorial I believe.

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440. Have any means been resorted to, to decrease the forging?—Some time before the discovery of the forgeries in question, the Government had sent home for paper prepared for the purpose of providing against imitation, and they have employed an European engraver for the same purpose.

441. Have any forgeries taken place under the new issue of paper?—None of Company's paper, as far as I have heard. In the bank-notes, for which a peculiar kind of paper with a peculiarly engraved impression has long been used, they have contrived in some cases to change the amount, but not I believe in such a manner as to deceive anybody who has a practised eye.

442. Has, on the whole, the Company's bank realized the expectations which were formed of it?—I think it has.

443. Did the bank sustain any and what loss by that transaction of the 4 per cent. stock?—No, I believe not, excepting in so far as that, while it held that property, it might not be able to advance loans to individuals to the same extent that it would otherwise have done. My impression is that we did invest too much in Company's paper, and by that means inexpediently lock up part of the capital of the bank which would have been better employed in private loans and discounts. The war in fact continued longer, and the expenses were much greater, than was originally expected.

444. At the time the bank advanced upon that loan, were individuals willing to come forward and subscribe?—Yes, a considerable amount was subscribed; in all the Government obtained about 1,500,000*l.* at 4 per cent.

445. What was the whole amount for which the Company wished to raise a loan at the time?—Of the estimate of the year I cannot immediately say what the deficit was; but it was supposed when the war began that it would end more speedily than it did, and no such expense as occurred was anticipated; so that if there had been no disappointment in those respects, the 1,500,000*l.* would have probably sufficed to meet the war charges. As it happened the war continued longer and was more expensive than expected, and expenses were heavy every where; and therefore it became necessary for Government to raise a much larger amount, which they did by opening a five per cent. loan.

446. Do the Government open a loan generally when they want money?—Yes; we have generally found that the loans accumulate so gradually that there is little danger of an inconvenient glut, the Government reserving the power of closing the treasury against subscriptions when they see that they have enough.

447. Did the bank subscribe in the first instance, or was it afterwards, when individuals could not be got to subscribe to more than 1,500,000*l.*?—The bank subscribed in the first instance.

448. What security did the Company give when they received that large advance?—What is called Company's paper; that is, promissory notes, of which the principal was payable at the option of the Government, the interest being payable quarterly. It became part of the registered debt.

449. Do the bank at Bengal act as government bankers, much in the same way as the Bank of England act as government bankers here?—No, the Government keeps its own treasury quite distinct.

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450. In the event of Government wanting accommodation, does it apply to the bank in the same way as the Government applies here to the Bank of England?—No, it is not in the habit of getting any advance.

451. So that there is no direct communication between the bank of Bengal and the Government?—None, excepting that the Government have three directors, who of course represent the Government in the direction; and on the particular occasion of the subscription of the 25 lacs, there was no express communication from the Government to the bank; but I do not suppose that the private directors would have made it, if the government directors had not proposed it as a proper thing. We however thought it an expedient arrangement for the public, as well as a convenient thing for the Government; and although, being anxious about the success of the loan, we may not have been quite impartial judges, the measure was certainly resolved upon under the impression at the time that it was a right thing for the bank to do.

452. At that time what advance was there to private individuals?—That I cannot say, but the bank had large funds unemployed at the time.

453. So that the Government applied to the bank, the bank not being habitually in the service of Government, or in the habit of aiding the concerns of Government?—Government did not, strictly speaking, apply to the bank; but after the loan advertisement was published, the government directors suggested the subscription, and therefore in so far the Government may be said to have applied to the bank; but if the proposal had been overruled by the other directors the advance would not have been made.

454. Did the Government recommend their directors to suggest to the board of directors subscribing to this loan?—I cannot say that the Government did recommend it: my impression at present is, that the accountant-general and myself, knowing the Government to be in want of the money, and anxious for the success of the loan, acted without any distinct orders, certainly without formal orders, on the subject; though, being in constant communication with the members of the Government, we must have been assured of their approval of what we were doing. The resolution was moved at the bank meeting without the name of Government being used, and the question was treated as one which the directors had to determine without any interference beyond what might be implied in the part we took.

455. Should you say, from your knowledge of individuals, that the directors elected by the proprietors were in every respect sufficiently independent both of any influence that the Company's government might have to injure them in any respect, or generally sufficiently independent, to have resisted the wish of the Government, if they had thought it desirable for the credit of the place or of the institution so to resist it. Were they *bonâ fide* free agents?—I think they were *bonâ fide* free agents; but it is impossible to estimate the precise extent of influence which the government directors have, which indeed, partly at least, depends upon personal character. And though I regard the private directors as sufficiently independent to resist what they thought wrong, and to have been in fact free agents, I would not be understood to deny that the government directors do have, from the force of their official situation, considerable influence over them. Generally, indeed, collective bodies are probably too ready to yield an assent to those who take the lead; and

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and I dare say the private directors of the bank yielded something to such influence on the occasion in question. Yet certainly, if they had rejected our proposal, though they might at the moment have offended the government directors personally, they would not have been in the slightest degree the object of hostility to Government.

456. Do not you conceive that those directors, being merchants of Calcutta, and the fact of the Government having both the sovereign power and the power as great merchants at the same time, these combined powers must have an influence over those six directors, which makes it very difficult for them, without danger to their personal interests, to refuse any wish of the Government in applications of that description?—I really see no danger that their personal interests would have incurred, and therefore I think that they were free agents; but at the same time, being few and intimately known, they may naturally be supposed to be unwilling to offend, just as all merchants having dealings with government officers are, I imagine, reluctant to offend them. It does not seem to me that the Company, in its commercial capacity, could in any degree influence them, the commercial concerns being kept completely distinct from those of the territorial administration; and, on the whole, I can conceive no reasonable ground of apprehension, unless it were possibly that of ill-temper and want of civility and accommodation on the part of us with whom they were brought into immediate contact; feelings that would have been in no degree shared by the government.

457. Are there not frequent deposits of bank-notes in the hands of Government?—Yes, the Government frequently holds a considerable sum in bank-notes.

458. Do you not consider that the power of returning these notes, and at the same time the power of receiving other notes upon the bank in payment of demand, must give the Company considerable influence over the banks, if they like to exercise it?—I do not attach much importance to that circumstance, because I think the general rule was that there should be no accumulation of notes in the government treasury beyond what it was convenient to have for the transaction of business; and though it was an object to avoid suddenly returning large sums upon the bank, or any measure that should unnecessarily interfere with the equal course of its operations, the end aimed at was the advantage of the public and the promotion of the government revenue, not the separate interest of the bank.

459. Would it not expose the bank to great embarrassment if these large amounts were suddenly turned to circulation?—They are always circulated as fast as the disbursements of the treasury give the opportunity of issuing them: it does indeed occasionally happen that there is an excess which if immediately sent to the bank would inconvenience it by reducing its balance of cash, but the general course is to keep only what is wanted for the usual demand; and although, the bank being bound to stop its issues whenever its cash came within the prescribed proportion of one fourth of the demands against it, the Government necessarily possessed the means of interfering with the bank's operation if it had desired to do so, I do not believe that the directors were apprehensive of such a consequence from any acts of theirs.

460. Is the Committee to understand that the Government exercise no control over the management of the bank or its regulations, other than such as is exercised through the three official directors?—I am not aware of any other direct control exercised

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exercised by the Government over the bank, but it holds its charter at the pleasure of Government.

461. Was there not a correspondence five or six years ago, between the Government at Bengal and the home authorities, with respect to the government of the bank, and particularly the proportions which the issues should bear to the funds?—Yes; the bank finding that the old charter restricted its operation, applied for a new charter, which was granted, and of course it depended upon the Government to grant it or withhold it.

462. Were the terms of the new charter conformable to those of the old?—No, there were considerable changes: under the old, the bank notes issued by it were absolutely confined to the amount of the subscribed capital, that capital being 500,000*l.*; the moment the notes amounted to that sum they could issue no more; even though individuals might wish to have notes in preference to coin, the bank was bound to issue no more. The other restriction was that the amount of cash should be equal to one-third of the issues; it was changed to one-fourth: these were the essential changes; I do not immediately recollect any others of importance.

463. Does not the Government require the Bank of Bengal to lodge a deposit to a certain amount of the Company's paper, as a security for the notes which the bank has of the Company's?—It formerly did, but latterly that condition was relinquished by the government of Bengal.

464. Were the terms of the new charter the subject of controversy between the home authorities and the authorities at Bengal?—Yes, they were.

465. Since what time has that regulation requiring the bank to deposit a certain amount of Company's paper ceased?—I think since 1823 or 1824.

466. For what term is the charter now granted?—The charter was granted I think for five years from the year 1823.

467. Is there anything that limits the Government making any alterations?—The Government have the power of withdrawing it now that the term has expired.

468. At this moment, is it within the power of the Government to make any alterations in the charter with respect to the government of the bank?—Yes, in so far as the continuance of it depends on their pleasure.

469. Do you recollect, when the bank lent 25 lacs to the Government at 4 per cent., at what rate they lent to individuals?—I do not immediately remember.

470. Was it anything less than eight per cent.?—Certainly less than eight; not above five, I believe.

471. Do you think, if there had not been three government directors, they would have lent that money?—I think probably not.

472. How do you account, from your knowledge of the government of Calcutta, for the circumstance that the Government can borrow money at four per cent., when the best merchants are obliged to pay five per cent.?—Chiefly from the security of the government credit. I consider the credit of the Indian Government to stand as high as that of any government on the earth.

473. Are they very punctual on all occasions in fulfilling their engagements?—Yes, they are very punctual; and the loan obligations are issued in a convenient shape. Money is easily raised upon them. The salt merchants and opium
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merchants, and others, use them extensively for this purpose, and the credit of the Company is, I believe, not doubted in the least.

474. Did the largeness of the advance made by the bank, subsequent to its making the advance, occasion any anxiety to the directors as to the success of the measure?—I believe that when the expense of war became larger, and the prospect of a greater demand arose, there was apprehension that loss would have been sustained.

475. Was there not a great pressure in the money market, which led to that uneasiness?—There was not, till the Government had accumulated about 1,500,000*l.*, and then, finding that its expenses were greatly beyond what had been anticipated, it raised a corresponding sum virtually at six per cent., for it exchanged the four per cents. into five per cents., on condition that the parties should make an advance of cash equal to the amount of debt so transferred.

476. Do you think that was an example worthy of imitation?—No; I should not again be for the bank's subscribing to a loan.

477. In what way was that advance made?—In cash.

478. Do you not consider it very necessary, for the due execution of the financial operations of Government, that they should have a bank to which they can occasionally resort for accommodation, in the same way as the Government here does to the Bank of England?—No, I do not think it is necessary. It might be beneficial in enabling the Government to reduce their balances, and apply a certain sum that now lies idle in the treasury, to the liquidation of the debt. In this way the existence of a wealthy bank, which could make advances equivalent to the demands against which Government has now to reserve funds, would be a convenience; but I do not think it is necessary. And it is, on the other hand, rather undesirable that the Government should rest upon a bank, from the danger that if it do so, it will often draw so much from it as to interfere with its advances to individuals.

479. Is it your apprehension that the Government, having been in the habit of relying upon the bank, may occasionally depress it too much?—I should think so. At the very time of difficulty, when it is pressed it would come upon the bank, and that is the time when the bank should support the merchants.

480. If the bank were in a position to have its directors sufficiently independent of Government to be free agents in any case of application to them, and that in consequence they resisted any demands that they could not with propriety grant, would not, in that case, the assistance of a bank in Calcutta be a great convenience to Government?—I do not think the bank is much wanted for the government business; its chief use is for commercial purposes; though of course I ought to add, that in supporting trade and affording a convenient means of remittance, it much promotes the interests of Government indirectly.

481. Are you of opinion that the Government having a command over a bank would be useful to them in their financial concerns?—Upon the whole I think that the interference of Government through its officers as directors has been very useful, and should be continued, but not for the purpose of getting the bank to make advances in aid of the public resources. The object should be to see that the business of the bank is so conducted as best to promote the commercial interests of the

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place, including the important dealings of the salt and opium merchants. In that way I think Government to be much interested in the management of the bank, and that it should not look to getting a direct advance.

482. Might not a portion of the expense the Company now incur be saved by converting the bank into an engine of payment, the same as the Bank of England is?—I rather think that there might be some saving in that way, and that the bank might in a considerable degree supersede the general treasury as an engine of payment. But on the other hand there is the danger of its funds being diverted from their proper use, as I have already mentioned.

483. Do you not recollect the Union Bank of Calcutta applying to the Government for a charter, and of its having been refused?—No, I do not think any application was made to Government; but I was spoken to by a gentleman interested in the institution, to know whether I thought a charter would be granted; and my impression, from the correspondence of the home authorities, especially their orders regarding the proposed Bombay Bank, being that the application would not be complied with, I stated that opinion; and consequently I believe no application was made.

484. Do you conceive that the refusal of the charter to the bank of Bombay was at all founded upon the existence of the bank at Calcutta?—Not at all.

485. Do the notes of the banks at Calcutta circulate at Bombay?—No.

486. Then the refusal of the charter to the bank of Bombay was given upon either the general objection to banks, or the absence of particular reasons for the establishment of a bank at Bombay?—Partly both, I believe; I mean that general objections were urged, and it was thought that the circumstances of Bombay did not require the establishment.

487. You have stated that you were spoken to, but that you thought Government would not grant a charter; what reason had you to think that Government would not grant a charter?—Chiefly from the communications of the home authorities, by which of course the local government must have been influenced.

488. The present bank has a monopoly, has it not?—No, but it is the only chartered bank.

489. What privileges has a chartered bank over other banks?—It is a corporation; it can therefore sue under its common seal, and the individual proprietors are not liable beyond the amount of their subscription; those are the only distinct privileges it enjoys as a chartered bank: but besides these, is the resolution of Government only to receive its notes.

490. Is there anything to prevent any number of persons from associating themselves into a bank, remaining each liable for his whole property for the debts of the bank?—No.

491. Then the only bank in which parties are liable to the amount of their shares is the Bank of Bengal?—So I apprehend, if my notion of the law is correct.

492. What exclusive advantages, independent of the charter, are there which belong to the bank of Bengal above those which other banks possess?—Government receiving their notes, and their notes alone.

493. Can any other banks emit notes?—Yes.

494. And do they?—Yes.

495. What

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495. What is the present amount of the Bengal bank-paper circulation?—I should suppose that on an average it has been about 800,000 *l*.

496. What are the securities upon which the bank is accustomed to make issues?—The largest amount is issued upon the security of Company's paper, in loans running on for three months or less. It also discounts government bills, and private bills and acceptances with two good names.

497. In what proportion does the bank make advances upon government paper, and in what proportion upon private paper?—I should suppose, to the best of my recollection, that the proportion has been as 15 or 20 to 50.

498. Fifteen, upon what paper?—Upon private paper, and 50 upon loans.

499. Is that a fixed rule upon which the bank act, to make only a certain proportion of issues upon government paper, and to make only a certain proportion upon private paper?—No, there is no fixed rule.

500. Is it a rule upon which they act, varied from time to time, or is there no rule whatever?—They have no rule whatever.

501. What leads you to think that that is the proportion on which they advance?—I spoke of the result of the actual transactions of the bank, as far as I recollect it; it did not follow from any arbitrary rule fixing the proportion of loans and discounts, but from the nature of the dealings of the place. Our dealings with natives were chiefly advances upon the security of Company's paper, and there was a difficulty in getting bills to any great amount, such as to satisfy the condition of having two good names.

502. Is the bank in the habit of making issue upon bullion deposits?—I do not remember any issue upon bullion deposit; but it was proposed to make loans upon bullion or any other article not liable to material fluctuation of price or diminution of value.

503. What have been the dividends payable on the bank stock of late years?—I have known them as high as 15 per cent. per annum, but the average I should suppose may be taken as between nine and ten.

504. Is that nine and ten per cent. upon the capital of 500,000 *l*.?—Yes.

505. When you left Bengal, what was the dividend last received?—I think the last dividend was at the rate of eight per cent. per annum; but there was a reserve made in consequence of the apprehension of losing by the forgeries, and the certainty of some law expenses.

506. At what did the bank stock sell when you quitted India?—At about 50 per cent. premium.

507. Would not the establishment of other chartered banks tend to bring down the selling price of the stock?—I should imagine it would; but the effect would depend principally upon the Government receiving their notes in payment of its revenue.

508. Do you think it a desirable thing, when the Government has power to give a franchise to other chartered banks, that it should refuse to grant that charter in any case excepting that in which it is itself a partner?—No, I think it ought not to refuse a charter upon that principle; but before chartering a bank, it seems to be necessary to fix precisely the rules on which it is to be conducted, and the subscribers should I think be required to let their dealings be controlled by the Govern-

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ment; for a charter from the Government would in India give a bank the character of a government institution, to a certain extent at least.

509. Has it not a bad appearance that the Government should give encouragement to a monopoly of this nature in which it is a partner?—I do not attach any importance to that consideration, because I think that the government share of 100,000*l.* is so small as not to have any sensible influence in determining the course of their proceedings.

510. Do you think the intervention of government inspection necessary where a charter is granted for a bank?—Yes, I think so, upon the principle that a charter would give it the character of a public institution.

511. What amount of paper has the bank habitually out?—I think, on an average, about 800,000*l.* of paper.

512. Is all that paper payable on demand?—Yes.

513. And at sight?—Yes.

514. What sized notes are they?—They vary from 10 rupees up to 20,000.

515. Is the larger proportion of the circulation in large or in small notes, or in what sized notes?—The largest proportion, I should imagine, is in notes from 100 rupees and upwards.

516. How far out of Calcutta does the paper circulate?—It circulates to Bahar, but the circulation depends chiefly upon the receipts of the government treasuries. In Benares and the Western Provinces, where there is a separate currency, the Government do not receive the notes of the bank; and they cannot well circulate in the interior unless taken at the public treasuries. Probably there would be some circulation of notes in Benares, if the Government did receive them into the treasury at that place.

517. Are the notes all sicca rupees?—All sicca rupees.

518. Is there any other paper that the bank circulates in the shape of bank post-bills?—It has of late years offered to issue bank post-bills, with a view to securing remitters against robbery; but they were not taken to any great extent.

519. Has it any connection with the Presidencies or any other part of India?—No, it has not.

520. Do its notes circulate among the natives with perfect confidence?—I believe with perfect confidence.

521. Do they circulate with perfect confidence in other parts where it is not received as revenue?—I believe they do not circulate there at all, but I should say that the cause is not want of confidence.

522. Since the establishment of the bank, has the tendency been gradually to increase the circulation of paper, and is the circulation of the paper still on the increase?—Yes, I apprehend there has been a decided tendency to increase: for some time a circulation of 50 lacs was thought sufficient, and the issue of the bank was restricted to that amount under the old charter; but the amount was found to be too small, and its notes sometimes bore a small premium.

523. Is there any restriction upon the issue now?—There are two restrictions: the one a practical one, which is that it shall always reserve cash equivalent to a fourth of its obligations, payable on demand; the other that its circulation of notes shall

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shall not exceed two millions, but this does not operate practically, there never being a demand for notes nearly to that extent.

524. Has not the export of bullion been concurrent in point of date with the extension of the issues?—I do not think precisely so; and there seems to me to be no connection between the two things, though it be true that the export of bullion has occurred since the issues of the bank were extended; the course of trade and the exchanges with England having altered since that time.

525. Since the establishment of this bank, has not the existence of a paper currency, to which entire credit was attached, been found to be a great facility in the general commercial intercourse with the country?—I should think very great facilities have been experienced in Calcutta; beyond that, the notes have not circulated much, but come almost immediately into the Company's treasury; and although they furnish the merchants and the Company with a convenient means of remittance, they can scarcely be said to exist in the interior as a paper currency. In general, indeed, payments in the districts, even in the provision of the staple articles of commerce, are made in such small sums, and the population is so poor, that there is scarcely any room for a large circulation of bank paper.

526. Does not the fact of the paper being receivable in the public treasury, make it also current between the larger dealers in the provinces?—To a certain extent probably, but not I believe to any large extent; in general the currency used by native dealers is the coin of the country.

527. Have there been attempts at any time to establish any branch agency?—No, there has not.

528. What other banks are there at Calcutta that issue paper?—I believe there are only two banks that issue paper at present.

529. What are they?—The one is the Bank of Hindostan, of which the proprietors are Alexander & Co.; the other is the Union Bank, supported by an association of subscribers. There were two other banks; Messrs. Palmer & Co. had a bank for a short time, and there was another bank managed by Messrs. M'Intosh & Co. called the Commercial Bank, that has now ceased.

530. Do they issue paper payable on demand, in the same manner as the Bengal bank?—Yes, they do.

531. Of the same description of paper?—Yes.

532. Can you state to what extent that paper circulates?—I believe it is confined to Calcutta.

533. To what amount?—I have had no means of accurately ascertaining the amount; but I have understood that before the Bank of Bengal extended its issue, the Hindostan Bank had a very large circulation, to the extent of 400,000*l.* or 500,000*l.*; but I have no doubt that their issues have been much contracted of late from the extension of the Bengal bank paper, and other causes.

534. Do you suppose that the whole circulation of these banks, taken together, may be equivalent to the amount of the Bank of Bengal, at the present moment?—At the present moment, I should think not.

535. Do they amount to one half?—I should think not.

536. Has the paper, upon those other banks, been upon the decrease ever since the establishment of the Bank of Bengal?—Not, I believe, until the Bank of Bengal was

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was enabled, by the new charter, to issue notes to the extent required by the public ; and the chief decrease, I apprehend, has taken place since there has been a failure in the credit attached to the different houses of agency.

537. Among those other banks, what number have stopped payment, at any time ?—I only remember one, Messrs. Palmer & Co., and they had in fact ceased to have a bank before they stopped payment.

538. Had it any paper out when it stopped payment ?—Yes, some notes that had not come in ; but it was not at the moment issuing notes.

539. Did any of the natives or any of the inhabitants suffer from holding their notes ?—They must to a certain, but I imagine very limited, extent.

540. Was there any hesitation or stoppage on the part of the other banks ?—I am not aware of any such circumstance.

541. Did this affect the credit of the others generally ?—It affected the credit of the Bank of Hindostan considerably. The Union Bank had just commenced, so that the only bank at the time of considerable importance in regard to the extent of its issues was the Hindostan Bank.

542. Did it affect the credit of the Bengal Bank ?—Not materially ; but for a day or two the natives were bewildered. Their general impression had been that Palmer & Co. had as good credit as the Company, and for a time there was a general vague alarm as to all securities.

543. Has the Bank of Bengal its annual statement of affairs made public every year ?—Twice a year a statement is submitted to the proprietors and sent to the Government.

544. Is there any auditor appointed to look into it, or do the proprietors take the statement as it is given ?—The proprietors take it as it is given.

545. Is the account published ?—No ; but there is no objection to its being published.

546. Is it read at the annual meeting ?—Yes, but meetings generally consisted of the directors and one or two proprietors. Indeed I only recollect one proprietor not a director who made a point of attending.

547. There is no secrecy observed respecting it ?—No.

548. Is the maximum of the dividend that they can receive limited ?—No ; they are entitled to receive the whole net profit as exhibited upon the balance sheet.

549. While you were there was there no instance of the bank deposit falling below the one quarter of the issue of paper : you have stated that you are limited to having one quarter of your issue in bullion ; was there no instance of the bank's deposit falling below one quarter ?—It has occasionally fallen below the prescribed standard, when there has been a demand for cash.

550. When it so fell below, to what means did you resort to bring your affairs back ?—The discount was necessarily limited, or altogether stopped.

551. Were there many instances in which the bank, for the purpose of righting itself on these occasions, produced great inconvenience to the place by withdrawing the ordinary facility ?—Whenever it refused the usual accommodations it must have had very considerable effect ; and it was generally the object of the directors, at least latterly, by raising the interest in time, to prevent the necessity of an absolute stoppage

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stoppage of accommodation before we approached the limit. I cannot say that we always succeeded. There was I think too great a reluctance to raise the rate of interest, and we doubtless committed other mistakes.

552. Was there sometimes a complaint that the sudden measures of your mode of proceeding distressed the general trade of the place?—Yes, there were complaints of that.

553. Did not those occasions generally arise from your having overstretched your accommodation to Government, and not to individuals?—They arose to a certain degree from our having more government paper than we ought to have had, but that was not an advance to the Government.

554. When you were in the habit of having government paper, did you find it easy to sell government paper and make money of it?—We did not find that we could sell our government paper so easily as we wished, when money was wanted.

555. And were obliged to have recourse to other means to lessen the obligations of the merchants, from the inability of making use of that?—Yes.

556. When you made the four per cent. loan, was that an occasion when you were so obliged?—No, we had then an excess of cash.

557. Does the proportion in which you make advances upon private bills depend at all upon the difficulty of finding bills with two good names to them?—I think chiefly; indeed I am not aware of any other cause.

558. Do you consider, from your knowledge of the commercial circumstances of the country, if there were to be allowed a system of complete freedom in banking at Calcutta, the competition at the various banks which might be established would lead to greater fluctuations in the exchange, and by that means to great uncertainty in trade?—No, I think there is no objection to perfect freedom in banking, with the proviso I have above stated, in reference to the fact that a charter would imply a recognition by the Government; otherwise I see no reason for any special restrictions in India. The danger lest bankers should push their issues without a sufficient reserve of funds, is not I suppose peculiar to that country.

559. If the Committee understand you, the condition that you would make of any bank receiving a government charter, is maintaining publicity in its affairs?—That is the chief condition; the rules by which it is to be guided being previously approved.

560. Did not the Hindostanee Bank, at the period of Palmer's failure, meet its demands with promptness?—I believe with entire promptness.

561. And the other banks?—The other banks, except the Union Bank, had ceased to exist; and that bank had, I believe, little paper in circulation.

562. How many years has the Bank of Hindostan been established?—I cannot answer that question; but I believe long before I was in India.

563. Sixty or 70 years?—I rather think so; but I am not acquainted with the fact.

564. Do you not think it very unfair that their paper should be refused in circulation at the Company's treasury?—No; because it is quite a private concern; and further, they have, I believe, made use of their bank notes largely in supporting their commercial speculations.

565. If

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565. If deposits of the Company's paper were made, do you see any reason why they should refuse?—Yes; I think the taking of notes would be a recognition by the Government of the security of the bank, beyond what it would be justified in doing, without inspecting its proceedings.

566. Would it not be fair to put all the banks upon an equality?—The Bank of Bengal has government directors, and lays its accounts before Government regularly. We have no control over the private banks; and I should object particularly to banks having any direct concern with commercial speculations.

Sabbati, 3^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

HOLT MACKENZIE, Esq. called in and further examined.

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567. You mentioned that the capital of the bank was 50 lacs of rupees?—Yes.

568. Is that a capital paid up, or only subscribed?—It was paid up.

569. How has it been disposed of; is it vested in government securities?—A part is vested in government securities, and part remains available for other purposes.

570. What proportion is vested in government securities?—It has varied from time to time. There is no precise sum absolutely vested in those securities; the amount purchased and held is discretionary with the directors.

571. Then it may be considered in fact as still part of the current assets?—Yes, in so far as sales can be effected when wanted.

572. There is no engagement with the Government, that the bank shall continue to hold any part of that government security?—Not now. There was formerly a stipulation with Government, that the bank should lodge 20 lacs of rupees of Company's paper in the general treasury; but at the time the present charter was given to the bank, it was released from that engagement, and left at liberty to dispose of its funds as was thought best, subject to the provisions of the charter; and though the arrangement was not I think approved at home, the stipulation has not I believe been revived.

573. Was that one of the points of controversy alluded to, between the Government at home and abroad?—I think it was.

574. Supposing the Government to make the bank their treasury, as was suggested in a question the other day, should you conceive that their cash would be reckoned with the other cash of the bank, so as to admit of an issue not exceeding three-fourths of it?—I should apprehend it would be absolutely necessary to regard the government cash, distinct from the cash of individuals, as being more liable to be suddenly withdrawn.

575. You

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575. You mentioned that the notes of the bank were issued for sums from 10 rupees to what amount?—Ten thousand is I think the highest amount.

576. Is that minimum of 10 rupees a legal limitation?—I believe not.

577. There is not a similar limitation on the issues of the private banks?—There is no restriction whatever imposed on them.

578. Do they in fact issue notes of a lower amount?—I believe not.

579. Are the greater part of the transactions in Calcutta of 10 rupees in paper or in coin?—I should imagine in coin, even in Calcutta; in the interior of the country it is certainly so.

580. How are the transactions of 100 or 200 rupees?—In Calcutta generally in bank notes, excepting government issues for the public service. In the provinces the majority of transactions, a great majority I should think, are in coin.

581. Is there any silver coin in circulation larger than the rupee?—No.

582. Is the gold coin much in circulation?—It cannot be said to be at all in circulation.

583. What value in rupees is the lowest piece of gold?—There are quarter mohurs, the mint value of which is four rupees. But I do not remember the Government having ever coined gold below the mohur: and though half and quarter mohurs would be coined at the request of individuals, I cannot say how far it has been actually done.

584. Is there not a species of security called treasury notes, in Calcutta?—Yes; they will be found mentioned in the statement furnished in the reply to the questions of the Board.

585. Do not they partake of the nature of exchequer bills in this country?—They are promissory notes, payable at a specified date; and intermediately they are receivable in payment of government demands at the Presidency.

586. You have stated in your letter, that a better plan might have been adopted for the management of treasury notes, and payment of interest; to what particular class of notes do you allude, and how would you remedy the inconvenience to which you allude?—I alluded particularly to the condition of the remittable loan, by which the Government bound itself to grant a remittance at a specific rate. Looking back, with the advantage of actual experience, I must confess that it was a blunder to come under the obligation of giving a remittance at any specific rate, and especially at the rate of 2*s.* 6*d.* for the rupee.

587. You object to their binding themselves to pay the amount in England?—Yes; I think it was a blunder, though I was among the blunderers. And I am also of opinion that the rate of remittance on the 5 per cent. loans ought to have been sooner changed by orders from home.

588. Is it your opinion that all loans necessary in India should be made payable there, as a means of preventing the great changes which must take place in the currency, by large and uncertain remittances being made in payment of interest?—I think that all conditions relative to the remittance of principal or interest should be carefully avoided hereafter, in loans made in India. I should also add, that I believe the home authorities saw the probable result of the option of remittance given to the public creditors, earlier than we did in India, and that their instructions were against coming under such a stipulation; whereas the local government

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yielded too readily to the considerations in favour of the measure, and particularly to the facility which the temptation of a fixed and favourable remittance gave to the raising of money by loan.

589. Would not the omitting those conditions, the rate of exchange at which the interest shall be drawn for and paid in England, prevent the remission of a large sum of money annually from India, in payment of this interest; at least prevent the remission by Government?—Certainly.

590. You have stated your opinion, that it would not be convenient that the treasury of the Government and the treasury of the bank should be united; in what manner is the loose money, or what may be called the balances of the treasury of the Government, kept in Bengal?—It is kept in Calcutta, in what is called the general treasury, under the joint keys and the joint responsibility of the sub-treasurer, who is a covenanted civil servant of high standing and with a large salary, and of the native cash-keeper, a native of respectability and wealth, who gives security to a considerable amount.

591. Is it kept in specie?—Partly in specie and partly in bank notes; bullion is generally kept in the mint, which remits immediately as it coins to the general treasury.

592. About what may be the average amount of government treasure so kept?—It has varied greatly; I could not immediately state the average. The general impression was, that if the balance was not about 50 lacs of rupees, or 500,000*l.*, it was insufficient, but it varied greatly; and the sum necessary to be reserved depended partly on the season of the year, according as a surplus of revenue might be coming in, and there might be a prospect of a large demand.

593. So that as far as your recollection goes, you consider 500,000*l.* to have been the minimum of what the Government would consider it prudent to keep in their treasury, and that the amount generally considerably exceeded that?—I think that when the balance was under 500,000*l.* we considered the treasury to be too low, but in difficult times it has certainly been much below that.

594. Did it ever exceed a million?—Yes, considerably so in 1822-23, when we paid off a large amount of debt, but ordinarily it was less than a million: towards the close of Lord Hastings's administration, indeed, there was a very great accumulation of cash everywhere, and the balance in the general treasury was then I should imagine greatly in excess of a million.

595. Did you ever know it to go to a million and a half or two millions?—I have no doubt there must have been two millions at the time we were preparing for the payment of several millions of debt, and the spare balances of the provincial treasurers were brought down to the presidency treasury.

596. When there was no accumulation for the purpose of paying off a loan, and the government was in the transaction of its ordinary financial concerns, did the balance then run from 500,000*l.* upwards?—That was the sum we generally wished to have in reserve, but in difficult times the balance has frequently fallen considerably lower.

597. This balance was locked up in the coffers of the treasury in specie?—What was not wanted for current disbursements would remain locked up.

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598. Had the Government, besides that balance so locked up, some balance on their account current with the bank?—They kept no account current with the bank.

599. The whole of their surplus balances were kept in specie in the treasury?—The general treasury had only the surplus required in Calcutta. There were likewise considerable balances in other treasuries throughout the country: every political resident's treasury, and the treasuries of the several collectors, had balances to provide for the disbursements necessary in the several branches of the public service; the paymasters also have generally some balance, and the total cash balance of India has usually been from five to six millions sterling; in the last estimate it is, I think, about seven millions.

600. Were you sensible occasionally that the large accumulation of specie so locked up by the government, occasioned corresponding derangement in the circulation of the place, and that the Government's taking in or letting out produced corresponding scarcities or abundance of money?—The only time that I remember any great accumulation taking place beyond what was deemed necessary for the unembarrassed currency of affairs, was contemporaneous with a very large import of bullion into Calcutta, and a general abundance of money; that was at the expiration of Lord Hastings's administration, and the accumulation in the government treasury did not then perceptibly, I think, occasion any difficulty in the money market, there being indeed a general abundance; but the subsequent issue in payment of the debt had the effect of throwing upon the hands of the public creditors and others much money, which they had a difficulty in using: the accumulation in the government treasury would probably have been seriously felt, but for the circumstance that it was contemporaneous with a very large import of bullion into Calcutta: and at other times it is probable that too much may have been occasionally accumulated; but ordinarily the object of Government was to restrict its cash balance to what it considered necessary for the current business: and at the general treasury of Calcutta we had to provide for uncertain demands from various quarters; thus I have known the bills drawn from China, within a short period, amount to about 400,000*l.*: and the governments of the other presidencies and the King's Government occasionally made large demands upon it; to meet such calls a considerable reserve was necessary, but the amount is not to be regarded as a fixed sum locked up.

601. Did not the uncertainty of the demand occasion your keeping a much larger balance in the treasury?—Yes; if all demands had been quite regular, a smaller sum would have sufficed, but we had also to provide for occasional deficiency of revenue.

602. At what sight are the bills drawn from China?—Generally, I think, at 90 days' sight.

603. Would it not materially facilitate the operations of the bank, and the circulation of the place, if the treasure of the government were kept as the treasure of this Government is kept, in the coffers of the bank, and there were also a general circulation of the bank's paper?—I should think not; it appears to me that it would be unsafe for the bank to be exposed to all the demands which the Government has to meet, unless (what would defeat the object of the arrangement) the

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bank kept in its coffers the money which the Government now reserve in their treasury: for the demands upon the Government are too uncertain and too large, contrasted with the ordinary commercial transactions of the bank, to allow of its applying the same principle to both; and I should fear that embarrassment would probably result from their being so connected as the question supposes, it appearing to me that the Government is too large a customer for a bank of so small dimensions.

604. What fluctuation have you known in prices or in the interest of money, at the time of the Government paying off any of its loans, in consequence of having a large balance in the treasury?—I think that on the occasions I have referred to, there was a fall in the interest on loans with perfect security, of from six to four per cent.

605. Have you ever known them reduced from eight down to five per cent., in consequence of suddenly paying off a loan?—No; I should think eight per cent., at the time I am speaking of, was higher than houses of perfect credit gave.

606. Have you ever known a great rise take place of salt and opium suddenly, in consequence of Government paying off its loan?—I believe the price did rise very considerably; I cannot bring the particulars to mind at this moment.

607. Is it not desirable, if possible, for the government to avoid occasioning such sudden changes in the abundance of money, if it can be avoided?—Certainly.

608. Is not the present system objectionable, if it occasions such sudden fluctuations?—I think the desirable mode of discharging debt is to pay it off gradually, instead of by large sums.

609. Would not any means which rendered available for the country any excess of balance which the government may have in its hands, tend to prevent any such sudden fluctuations; if the excess in its hands be beyond that it thinks it prudent to keep, and that could be made available to the currency of the country, would not that be preferable to the present mode?—Such an arrangement would certainly be beneficial, but it does not immediately strike me in what mode the object could be accomplished.

610. Does the bank allow interest upon deposits?—No.

611. Have not very great fluctuations in prices taken place, in consequence of government wishing to convert a remittable loan into an irremittable, and also to pay off the loans of eight and six per cent., by raising loans at five and at a lower interest?—I believe the operations referred to did cause considerable fluctuations.

612. Are any such rises and falls likely to take place hereafter, now that the debt is brought there to one standard?—That will depend on the amount paid off. Of the old five per cent. loan, of which a portion has been advertised for payment, one of the conditions is, that not more than a million and a half shall be discharged in any year. But even the issue of such an amount would, I apprehend, cause a considerable fluctuation in the money market: that in India is comparatively limited, and the operations of government must consequently have a much wider effect than they would in a richer country.

613. When in 1823 the old five per cent. was paid off, did not the interest fall in Calcutta to two or three per cent.; and when the Company advertised for a new five per cent. loan, did it not rise immediately to eight per cent.?—I do not remember

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remember interest so low as two or three per cent.; four per cent. is the lowest I remember. Soon after this the Burmese war commenced, and the Government first opened a four per cent. loan; then interest rose I believe to between five and six per cent. The five per cent. loan which was subsequently opened, operated in fact as a six per cent. loan, until the four per cents. were absorbed by it: and the private houses were exceedingly pressed for money in consequence of the large sums which Government borrowed; they gave, I believe, not less than eight per cent.

614. Exclusive of loans for payment in India, have you ever known money borrowed in India to send home to pay off bonds here?—We have been borrowing money at the time we had to remit bullion to England, but the bullion was required to pay off the debt from the territorial to the commercial concern.

615. Has not money been borrowed in India, and remitted to pay off bonds in this country?—Not that I am aware of.

616. Are there in Calcutta any men of capital who speculate largely on those sudden transactions of Government which produce such sudden changes in the value of money?—I do not believe there is much speculation of that kind. The native money-dealers are always indeed looking out for any advantage they can make by the wants of others; but I have never heard of any extensive speculations such as the question describes.

617. You do not think that any undue advantage is enjoyed by any individuals in knowing beforehand the secret intentions of Government with respect to such transactions?—No; as far as my experience goes, I have never had reason to believe that such was the case. In general, the moment Government has resolved on any measure of the kind, notification has been stuck up at the general treasury, and the advertisement in the gazette has followed as soon as possible.

618. You have stated, that the treasure held at the different treasuries of the Company, under the Bengal presidency, amounts in your opinion to five or six millions?—I spoke of the cash balances in the whole of India; that of the Bengal presidency is probably about three millions, and the remainder is in the treasuries subordinate to Madras and Bombay.

619. Is there any one treasury which possesses nearly the amount of 500,000 *l.*, as the minimum of the treasure?—No; but in several of the provincial treasuries a considerable reserve is also necessary: at Benares and Furruckabad, for instance, there are treasuries on which bills have frequently been negotiated to a large extent, especially for the supply of the troops in the Deccan, and which might be considered as general treasuries for the Western Provinces. The Moorshedabad treasury is required to have a larger balance than others in Bengal, because of the payments to the nizamat there, and the advances required by the commercial branch for the purchase of silk; but in none is there nearly so large a reserve necessary as in the general treasury at Calcutta.

620. Do you not think that much larger balances were kept in the treasury, to meet the orders which the Company sent out respecting their investments, and that that occasioned a very considerable uncertainty as to the amount to be kept?—I do not think that the Company's commercial orders have occasioned much uncertainty in any of our financial arrangements; the demand on that account being comparatively steady.

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621. Do you think, if the Company's payments were limited to territorial payments, and receipts from that, the balances would be so large as they have been?—No; they would certainly admit of some reduction.

622. Would not in that case the difficulties which the general commercial transactions have experienced, be much less frequent than they have been?—I do not think that any material effect would result from that cause.

623. The uncertain demands you say have increased the balance very much; if they were put an end to, would not there be a less balance necessary?—The Company's commercial transactions having been comparatively regular, I do not think they have had much effect on the money market, through their influence on the financial arrangements of the Government.

624. Did the Court of Directors ever complain that the balances kept in the provincial treasuries were too large?—Yes, that was several times the subject of directions from home.

625. Why were not their instructions attended to?—I believe they were attended to, as far as was thought expedient; but I do not mean to say that the thing was always squared as it might have been, though the attention of the Accountant-general was particularly directed to the subject; my impression is that the Indian balances have been frequently too large.

626. How was it proposed they should employ those balances, if they should reduce them?—They would naturally be appropriated to the payment of debt, if not otherwise required.

627. Did not the purchasers of salt and opium in 1822 and 1823 sustain enormous losses, in consequence of the rise of their prices on paying off the loan?—It is likely that they may have sustained loss by the subsequent difficulty of raising money when Government again borrowed; but I do not recollect that that fact was as stated.

628. Did not the purchasers of salt and opium frequently apply for relief in the clearances of their purchases; and has not that been usually granted by extending the time of clearance, or anticipating the payment of half a year's interest upon the public debt, or by other means?—There have been frequent arrangements adopted in that respect.

629. Do you recollect that before the Burmese war ten or eleven millions were collected with a view to paying off debt?—I have already mentioned the great accumulation at the termination of Lord Hastings's administration.

630. For what object was that great accumulation?—I cannot say that it was with any distinct object; it arose partly from unexpected circumstances; and his Lordship had not, as far as I know, made up his mind as to whether he should pay off debt in India, or wait the instructions of the home authorities, who he thought might desire to apply the surplus to other purposes. a large amount of bills had been previously drawn on the home treasury, in liquidation of the principal and interest of the debt.

631. How long do you remember that large balance remaining?—I do not remember the time; but immediately that Mr. Adam succeeded to the government he acted upon his own view, which concided with the advice of the financial officers; and proceeded to pay off part of the debt, and to reduce the interest of

of the remainder, in so far as it was within the option of Government to do so.

632. Besides the two per cent. which is the seignorage charged on coining silver of standard value, is not an additional per centage charged for refining, if the silver is not of the standard value?—If the silver is below the dollar standard, which is I think five or six worse than that of the present rupee, a charge is made for refining, but not otherwise.

633. What additional per centage is charged for the refining, on silver below the standard?—It varies according to the worseness.

634. From what seignorage up to what, state the greatest and the least?—I cannot state that without referring to the mint table, which is annexed to No. XIV. of the Bengal Regulations of 1818. The seignorage is fixed uniformly at two per cent. on the produce, after allowing for the difference of standard, and deducting the charges for refining, when such are chargeable, at rates varying for each half dwt. of worseness, which are specified in the third column of that table.

635. Has much coin been usually taken to the mint by individuals for re-coinage?—Of late comparatively little.

636. What is the mode of proof when individuals take bullion or coin to the mint; is the new coin immediately advanced to them, or what interval elapses?—The general interval I think is about three weeks. When the bullion is delivered in to the mint, it is examined, weighed and passed through the fire, and specimens sent for assay to the assay-master; the mint-master grants to the proprietor a receipt entitling him to a certificate from the assay-master, for the net produce, calculated according to the table which I have mentioned. That certificate is payable at the general treasury, and is intermediately receivable in payment of government demands, or may be negotiated.

637. For how much per cent. of the supposed value of the coin do they issue this mint note?—To the full value of the bullion, deducting seignorage and other charges, if any, of coinage.

638. Within how many days after lodging the coin or bullion at the mint?—I am not quite sure. I believe ordinarily within a week, but I have known times, when the import was very large, that the period was considerably more; but when the amount brought for coinage is moderate, it will be done within a week.

639. Is the coinage of India well executed?—The old coinage was but poorly executed; in the present Calcutta mint it is, I believe, very well executed.

640. Did the finance committee that sat in Calcutta, recommend any means by which the expenses of the mint, now exceeding its receipt, might be diminished in future?—No, they did not. The new mint had not been fully established; and they had not materials to come to a clear judgment.

641. Are you aware that any measure can be recommended to prevent the mint being an expense to Government, supposing the present system of currency to continue?—I think it probable that the net expense may be diminished ultimately, by having one currency for all India, which may be expected to give the mint fuller employment; and it is possible, I conceive, that the Madras mint might be discontinued, but I could not satisfy myself on that point before I left India; the matter was under consideration. There is another source of gain to be set off against

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against the mint charges : the mint having greater powers than are required for the coinage of silver, has been extensively employed on copper coinage, which yields to the Government a large profit ; the copper money being issued at the rate of 64 (weighing 6,400 grains troy) for the rupee, which is, I believe, about 100 per cent. above the value of the copper. There was also a scheme under discussion for coining spelter, in the expectation of displacing the cowries or shells now used as a currency in petty market dealings.

642. In a financial point of view, you consider that one currency and one mint might be the means of saving a considerable expense in that department of the Government ?— I should think so.

643. Can you state what sum of money the buildings and machinery of the new mint cost ?—I suppose it will have cost about 200,000 *l.* before it is completed.

644. You cannot state whether the interest on the capital expended is likely to be met by the seignorage taken ?—It depends greatly on the amount of bullion imported from different quarters, and the proportion left for local circulation. I am afraid in the present state of trade it will not pay.

645. Taking the bullion, on the average of the last five years, do you think the seignorage is likely to cover the interest upon the capital expended ?—I am afraid not. The seignorage is likely to be small ; the import of bullion being now comparatively limited, and the export increasing.

646. Must not the quantity of copper coin that can be issued be limited in extent, inasmuch as it is in the nature of tokens, being issued at this high nominal value beyond its real value ; inasmuch as no holder of the copper tokens would think of melting them down for the purpose of converting them into ingots of copper, therefore must not this profit be to a very limited extent ?—The observation is certainly quite just ; but several millions of pieces have been struck, and the demand it was understood was not confined to Bengal, but extended to the eastward. So extensive and populous a country may take a large supply, but of course it must be limited by the considerations mentioned.

647. It had not ceased ?—No, it had not when I left India.

648. Has it ever occurred to you in what way, supposing the Indian government were to cease to pay the dividends of any portion of the loan in London, individuals resident in England would realize their dividends ?—They must necessarily employ agents to remit their dividends either in bills, bullion or goods, or arrange with some establishment at home to receive the amount. There may, I fear, be for a time some inconvenience to the individuals, particularly those who have left their loan property in charge of the government agents ; and our notion in Bengal was, that so long at least as the system continued on its present footing, the Company might offer to the parties a bullion remittance, affording to their creditors the benefit of their agency if they chose to use it in remitting bullion, but leaving them at liberty to get better terms if they could from private merchants, or to manage the remittance themselves.

649. Is there not something incompatible in a government officer being employed in this remittance ?—A large portion of the loan property belonging to absent creditors is under the management of the Accountant-general and Sub-treasurer, in their capacity of government agents, as it is called. These officers buy and

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and sell and transfer, and receive and remit the interest of promissory notes, which individuals lodge with them, under the guarantee of the Company, at an extremely moderate charge: and the arrangement has been felt to be a great convenience and security to the public creditors, especially those who have returned to England. The remittance by Company's bills being stopped, it would certainly, I conceive, be a considerable advantage to those persons if they could have a bullion remittance through the same agency, and that of the India House.

650. Do you see any difficulty likely to arise, in case the present remittable debt is paid off, in persons providing the means of remittance for themselves?—There cannot, I think, be any serious difficulty, though there will probably be some loss.

651. Do you mean to say that the restriction to the government officers so acting is, that they may remit the Company's paper, but that they cannot take other paper in the market?—The government agents were originally restricted to remittance by Company's bills; they have since been authorized to buy private bills, when specially directed by the parties employing them, without however the security of the government guarantee; but they are not allowed to ship bullion or other merchandize.

652. Is that a restriction on the part of the person who entrusts them with the receipt of his dividends, or on the part of the Government?—The restriction was imposed by the Company's government, in the rules under which the agency was established, by which the Government made itself responsible for the due discharge by the agents of the trust confided to them. With reference to that responsibility and other considerations, it was an object to confine the agents to transactions not likely to cause any risk of loss or dispute, and such as could easily be managed by them without hindering their other duties.

653. Is a commission or compensation allowed to government officers for the transaction, for themselves, or does that go into the Company's funds?—Originally the fees belonged exclusively to the agents; lately, in raising the salaries of the offices held by covenanted civil servants, the supreme government determined that they should go into the public treasury, and that the agents should have fixed salaries, including an adequate compensation for the loss of the fees, and a due remuneration for this and their other duties. It was thought better, especially as regards the Accountant-general, that they should not have any immediate personal interest in the fees of the agency.

654. Are not the rates of exchange between Calcutta and London, and between London and Calcutta, duly advertised?—They are regularly published in the price currents.

655. Are not the bills for interest on the loans belonging to individuals in England given to merchants in Calcutta, and are they not negotiable as well as any other bills?—Certainly; if they hold powers to receive the interest payable in bills.

656. You are speaking of the portion of debt the interest of which is not demanded in London?—In speaking of a bullion remittance, I referred to the debt of which the interest is not demandable in bills in London.

657. There is no portion of debt which can be demanded in London, which is demanded in Calcutta?—All that is demandable in London, being the interest of the

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the six per cent. loan property belonging to residents at home, must, I apprehend, be taken out in Company's bills; and until very recently, the option of a remittance by those bills was given to such of the holders of the first five per cent. loan as were resident here, and to all the proprietors of the later five per cents. : but that remittance was not demandable of right.

658. Can you state on what portion the interest is remitted to England annually in the way you have stated?—The six per cent. remittable loan is the only part of our Bengal registered debt on which a remittance is now given, and that only to creditors resident in England. The amount remitted in the year 1829–30 is stated by Mr. Melvill at 300,000*l.*, the whole interest of the loan being 466,900*l.* The issue of bills in liquidation of the interest of the five per cent. loans, of which 449,000*l.* is stated to have been demanded, has now been stopped.

659. The option of bills at home has been taken away from two descriptions of creditors?—Yes.

660. By the regulations of the Bengal Bank, four to one is the ratio of paper issued to the cash reserved?—Yes.

661. You have stated that the Bank of Bengal invested 25 lacs of rupees in the government four per cent. loan of 1824, at the commencement of the Burmese war; did not that arrangement, in fact, reduce the means of accommodation to the public to the extent of one crore, or a million sterling?—No; for the bank at the time had a large excess of cash in its coffers, and it still reserved a greater sum than was necessary to cover the amount of notes which it could keep in circulation. The issue of notes is limited rather by the circumstances of the market, than by the condition in question; their use in private transactions being chiefly for the trade of Calcutta, and for remittance to the interior through the government treasuries.

662. The Company's servants are generally restricted from trading on their own accounts, are they not?—All civil servants, excepting the commercial servants, are so restricted; and they are under restrictions as to agency and partnership, which I do not precisely recollect.

663. What do you call commercial servants?—They are chiefly the officers called commercial residents, who provide silk, cotton and sugar, and the other articles which are purchased in the interior of the country for the Company's commercial investment; also the officers of the board of trade and warehouses in Calcutta.

664. Do you not conceive that the commercial servants are more particularly that class of servants which should be restricted from trading, if any should be so restricted?—I think all government officers should be restricted from trade.

665. Would it not more especially be necessary that those persons who trade for others should be restricted from mixing up that trade for others with a trade of their own?—Yes, I should think so.

666. Can you state what is the number of Company's servants who are enabled to trade under this regulation?—I think about 20 at present.

667. Do you know when the distinction took place between the commercial and political servants?—I suppose it originated in the Act of Parliament which prohibits any person employed in the management of the revenue or the administration of

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of justice from being engaged in trade. In old times, I imagine, all were permitted to trade.

668. In fact, during your residence in India, did the Company's commercial servants trade on their own account to any extent?—Some of them, I believe, traded to a considerable extent.

669. The commercial servants of the Company were formerly paid by commission upon their outlay, were they not?—They were.

670. Were the Company's commercial servants employed as agents by other individuals?—I rather think they were; but I cannot speak positively to the fact. There is now a prohibition against their being so employed.

671. Do you know whether their agency for individuals was more or less expensive than that of other persons?—I imagine they would be employed by individuals only if their agency was found profitable to those who employed them; but I have no means of knowing the facts.

672. Do the captains of the Company's ships always carry on a trade on their own account?—I believe always.

673. With regard to the agency of the Company's servants for the public, was it more expensive than the ordinary rate of commercial agency performed for individuals?—I believe the rate of commission allowed by the Company to its servants, was considerably less than that paid by private merchants to individuals: as to the other charges and expenses arising out of the system, I cannot state particulars in a satisfactory manner.

674. You do not allude to the expense of building and so on?—No; I have no means of stating those accurately.

675. What was the rate of agency paid by the Company to their commercial servants?—I think two-and-a-half per cent., subject to limitation when it amounted to a certain sum.

676. The Company providing all the buildings?—The Company providing everything.

677. Are not all the Company's servants indiscriminately allowed to be shareholders in the bank?—Yes, I believe indiscriminately.

678. That is under the Act of Parliament, is it not?—It is.

679. Do you conceive that any of the objections to their trading in general, apply to their trading to the extent implied in this connection with the bank?—No, I think not. It is a corporate body, acting under strict rules; they are very few in number; and as far as my experience goes, the bank proprietors have exercised little or no interference in the management, except in electing the directors, and that was done chiefly by the houses of agency in Calcutta.

680. Are there any other exceptions besides those you have mentioned, to the general restriction with regard to trade imposed on the Company's servants?—I do not immediately remember any others.

681. Medical officers have been allowed to trade, have they not?—Yes; medical officers, when attached professionally to civil stations, are allowed to trade; military officers are generally prevented from trading.

682. What is the largest amount of territorial revenue which you have ever known advanced in India for commercial purposes, in one year?—Speaking from

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recollection I should say about two millions ; but something less if, as I have been doing, we take the rupee at 2s.

683. Has it ever reached nearly that amount ?—Yes ; and more, if we include all supplies to China.

684. Will you refer to Appendix No. 22, in the Report of the Committee on East-India Affairs, p. 656,* Parliamentary Paper 320, for the Session of 1831, purporting to be the amount of charges on the Company's annual investment in silk : in column 2, there is Cost of Provision, including commission and all charges of freight up to the arrival of the silk in Calcutta ; and in column 3, Charges whilst in warehouse at Calcutta, and shipping expenses: are you able to state whether the second column includes the cost for building and maintaining the warehouses and buildings connected with the provision of that investment ?—I am not able to state whether that account includes any charge for dead stock.

685. Have you any means of knowing whether that is cash payment by the agent, exclusive of buildings, or inclusive ?—No ; I do not know on what principle the account has been made up.

686. Is any interest allowed on the capital advanced in the providing the investment, between the advance and the return ?—I believe no interest is charged ; certainly there is none in the account between the territorial and commercial departments.

687. Do you know whether very considerable losses have not occasionally arisen upon those advances ?—I should imagine there must have been ; but I am not cognizant of the commercial accounts sufficiently to answer that question with precision. The commercial books will show every item of receipt and disbursement ; and there can, I conceive, be no difficulty in ascertaining at the India House every fact necessary to the fullest development of the Company's transactions.

688. At the time of the Burmese war, did not the Bank of Bengal discontinue discounting for private individuals in consequence of its reduced cash balance ?—Yes, it did occasionally.

WILLIAM LEACH Esq. called in and examined.

William Leach, Esq.

689. You are the Accountant of the India Board ?—I am Senior Clerk in the department of Accounts and Finance.

690. What is the nature of the business of the accountant's department ?—To examine accounts relative to the Company's finances which come before the Board ; to report to the Board on subjects of that nature as they arise ; and to revise the correspondence on financial matters which comes before them for despatch to India, whether in the financial or other departments.

691. Which are the particular branches of correspondence which pass under the revision of your department ?—The territorial finance, the commercial finance, and the mints and coinage.

692. Will you state what are the subjects usually treated of in those branches of the correspondence ?—Instructions to the respective governments of India, and observations upon their measures, relating to the following subjects : the various heads of revenue and of expenditure in their several details, the loans and other means

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means adopted for the supply of the Indian treasuries, the remittances required for the repayment of territorial advances by the home treasury, the appropriation of the surplus commercial profits realized in England, the public banks in India, the conduct of the mints and the coinage, the regulation and support of numerous retiring and compassionate funds for the benefit of the military and civil services, the funds permanently or occasionally deposited in the Indian treasuries, and other subjects of a miscellaneous character.

693. What process is followed in the revision of that correspondence?—Information is received from the India House, illustrative of every subject taken up in the correspondence, and further information is required if necessary, and the whole is very particularly examined and reported on to the Board. All the financial statements are examined, as far as possible, by the accounts which the office receive from India. These papers are printed copies of some of the letters to the Indian governments, containing the general reviews of the finances of each presidency, and of all India, which periodically pass through the office [*producing the same*]; the subjects as well as the numerous figured statements in which undergo the examination described.

694. Does any other correspondence pass through the department than that you have described, and if so what is its nature?—There is frequently referred to the department correspondence from other branches of the office, which contain communications on subjects connected with the finances. The correspondence with the Court of Directors upon their home finances, and the correspondence with various branches of His Majesty's Government upon matters connected with the Indian finances likewise pass through the department.

695. What is the description of accounts which are brought before the Board?—There are accounts from India relating to the revenues, the charges, the debts and assets, and the external and the internal commerce of the respective presidencies, accounts relating to the receipt and expenditure of the Home Treasury, accounts between the territorial and commercial branches; and accounts are also prepared in the department illustrative of the various subjects, either arising out of the different branches of correspondence or which otherwise require the attention of the Board.

696. What means do you possess in your department for examining the accounts or other statements in figures which come before the Board, and for the preparation of such as are required for their use?—A considerable number of accounts are forwarded from India annually, both of the receipts and disbursements of the governments, and of the debts and assets; the correspondence also is generally voluminous, and has many documents attached to it, and the financial consultations of the governments in India are forwarded to the Board.

697. Can you produce for one year the accounts and statements furnished to you from India upon the finances, and from the Court of Directors?—These are the annual accounts of the three presidencies [*producing the same*]; the Bengal estimates of receipts and disbursements for the year 1828–29, the actual accounts for 1828–29; the estimate was received in October 1829, the actual accounts in November 1830: the comparative statement of the estimated and actual accounts, and the commercial receipts and disbursements. The same are received from the
three

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three presidencies : there are also the sketch estimates, which are sent some months before the regular estimates, from each of the presidencies [*producing the same*].

698. What is meant by the term sketch estimate?—A prospective estimate, prepared six or seven months before the regular estimate can be completed. It is generally called a sketch or prospective estimate, as contradistinguished from the regular estimate.

699. Are those accounts which have been printed?—No, they are far more voluminous than any that are printed : abstracts of some of them are printed.

700. Are those the materials from which the annual statements for Parliament are compiled?—Yes, they are. Here are, further, the quick-stock accounts, which are the quarterly accounts of the debts and assets ; the first in the official year being dated the 31st of July, the next the 31st of October, and so on.

701. Are those furnished to you from the India House?—They are, being either duplicates received from India, or copies made at the India House. Besides those accounts, reports of the Accountant-general accompany them on each occasion, which enter annually into all the details and all the variations, under each head of revenue and of charge, during the whole period from the commencement of the present charter, at considerable length. An annual statement of the dead stock of each presidency accompanies these accounts. There are the same accounts of receipt and disbursement for Prince of Wales' Island, Singapore, and Malacca, as for Bengal, Madras, and Bombay. The reviews of the various heads of revenue and charge coming from some of the presidencies (like those now produced, which are from Bombay), are sometimes recorded in the consultations or proceedings of the Government.

702. What is meant by the term consultations?—The record of the proceedings of the Government in each department.

703. Do those form the whole of the accounts which they have at the India House?—No ; they have more extensive and detailed accounts, consisting of the general books and the subsidiary books, &c.

704. Are you conversant with the nature of those books?—They are books in which the transactions of the Government are kept in the form of double-entry, journals and ledgers.

705. Have you any accounts kept in that form?—The whole of the accounts are upon that principle. Accounts are also received from the Court of Directors, besides those from India, such as the accounts between the territorial and commercial branches, and details of their expenditure on the territorial account at home, and various other statements called for, from time to time, as circumstances require.

706. Will you state what process you follow in order to ascertain that the statements submitted to the India Board, and submitted to Parliament, agree with the actual accounts?—The statements submitted to the Board are examined as far as our materials enable us, and further information is called for when requisite ; but the accounts presented to Parliament are prepared by the Auditor of Indian accounts, and by the Accountant-general at the India House, and do not pass through the Board. Mr. Melvill, as the Committee are aware, is the Auditor, and Mr. Lloyd the Accountant-general.

707. Will

3 March 1832.

William Leach, Esq.

707. Will you describe what course is adopted with respect to the Indian revenues, in order to ascertain whether all which ought to be collected is collected or accounted for under proper heads, that the receipts agree with the statement of collections, and that none but authorized disbursements are brought to account?—That is a process belonging peculiarly to the offices of audit, abroad and at home. The accounts are regularly audited in India in each year, and for the most part before they are sent home.

708. Those are matters of which you do not take cognizance?—Not in the way of audit; but much attention is given that every receipt or charge is brought to account under its proper head.

709. Are those matters of which Mr. Melvill, in the India House, takes any cognizance?—The accounts are checked by the auditor's office at home.

710. Will you state to the Committee what details are supplied by the India House as to the sums charged to the account of the territory at home?—The details are partly shown in the account between the territorial and commercial branches, which has been printed, from the 1st of May 1814 to the latest period, and laid before Parliament. (*Vide* Parl. Papers, 499 of 1830, and 168 of 1831.) It was likewise printed for the House of Lords on the 3d of June 1830. Besides that account, the Board call for the details of those heads which require explanation.

711. Is the account to which you have now referred framed upon a plan agreed upon between the Court of Directors and the India Board?—Yes, entirely so.

712. Is any account current between commerce and territory annually sent up?—An account current, adjusted annually, has been regularly received.

713. What is the nature of the examination which that account undergoes in the office of the India Board?—The examination which it undergoes is to see that it is framed in agreement with the plan laid down by the India Board in 1814, and sufficient details are called for to ascertain that that plan is followed.

714. Are you satisfied that sufficient accounts are supplied to you in order to show that all advances made to commerce, or sums paid on account of it, are duly credited to the territory, and that none but proper charges are debited per contra?—The accounts we have are sufficient to show that the advances made to commerce, as well as the general frame of the account, are accurate. The Board do not generally control the home expenditure, as the Committee are aware, but they control the mode of carrying it to account as Territorial or Commercial.

715. What is meant by the general frame of the account?—That it is in full conformity with the plan agreed upon in 1814.

716. Are the commercial accounts balanced?—The Board does not take cognizance of the commercial books, their control not extending to the Company's commercial affairs.

717. Do you know whether they are balanced?—I conclude they are; but I have no official information upon the subject.

718. No balance-sheet, or abstract of such balance-sheet, is furnished to Parliament?—The annual receipts and disbursements are furnished every year, showing the cash balance at its commencement and close, together with the debts and credits, and the account of stock, but the results are not brought into a form that would be designated a balance-sheet.

719. How

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719. How is the profit yearly or half-yearly ascertained?—It is ascertained according to the form of accounts which are before the Committee, in which the prime cost of the trade, the various charges upon it, and the sale amount, are shown; other profits of the Company are also inserted, and various charges brought to account, showing the surplus for further appropriation.

720. That is a statement of profit and loss by the Company?—Yes, and shows the whole of the appropriation of the surplus.

721. How is the existence of profit sufficient to pay the dividend, or the surplus beyond that, annually shown to be accurate?—The Board call annually for an account of the profit and loss upon the trade, as well as the surplus commercial profits, and their appropriation.

722. Have you that account with you?—I have it for one year [*producing it*], the year 1828–29; it is an account of profit and loss on all goods sold by the East-India Company in the year 1828–29, distinguishing India and China, and specifying the invoice price and the several charges respectively, also the sale amount; showing likewise the net proceeds of the commerce of Great Britain, after defraying all charges; and converting the prime cost of the investment, so far as it consists of repayment of advances by the commercial department, at the rate of exchange usual in the Company's books in transactions between the two branches of their affairs, viz. 2*s.* the current rupee, 8*s.* the pagoda, and 2*s.* 3*d.* the Bombay rupee. The account is signed by Mr. Lloyd, the Accountant-general.

723. That account enables you to ascertain that there is a surplus sufficient to pay the dividend, and the surplus beyond that, whenever it may be the case?—Just so.

724. What means have you of ascertaining the accuracy of that account?—We have no means of ascertaining the accuracy of it, beyond its authentication by the Company. The Board can call for any of the details which may be required, but they do not exercise control over the Company's commercial transactions.

725. Are you in the habit of calling for details to explain any of those items, with a view to ascertain whether the surplus as stated in the accounts is really a net surplus or not?—Yes, whenever it has appeared necessary.

726. Is it not necessary that every year's account should be verified?—The whole is verified before it is sent to the Board; but if any unusual items appear in the account, explanation is called for respecting them.

727. Are the Committee to understand that you take the account sent to you as a correct and verified account, unless any extraordinary items shall appear to demand explanation?—Yes.

728. This account is compiled from the general books of the Company, is it not?—It is; the Legislature have reserved to the Company the entire direction of their commerce, and accurate accounts of its transactions can only be furnished from the Company's books.

729. You trust to the certificate of the public officer at the India House for the accuracy of that account?—Yes, upon the principle before stated.

730. What steps are taken to see that the surplus is appropriated as prescribed by the Act of Parliament?—The appropriation can only be made with the appro-
bation

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bation of the Board; it belongs to the Court to appropriate, and they obtain the consent of the Board for such appropriations.

731. Is it not the business of the Board to see, if there are surplus assets, that the Company shall do so?—The Board have called upon the Company repeatedly to do so; they have full power to do that; but they cannot direct the appropriation absolutely.

732. What restriction is imposed on the accumulation of commercial stock, and how much commercial property in excess of subscribed stock of the Company stands in their books?—The whole of the commercial surplus, after paying all charges, being appropriable under the Act, of course there is no power of accumulating stock from that source: the amount of commercial property is shown in the accounts of “stock per computation,” several of which are printed in the papers of 1830 and their continuations.

733. Are the Committee to understand that those commercial accounts as furnished by the Court of Directors, have usually been taken by the Board as correct, generally speaking?—Generally speaking, they have been; but not without explanation being frequently called for, and alterations sometimes effected.

734. Have the Board of Control considered them as correct, when in point of fact they have not had the documents to ascertain the fact?—Yes, when the accuracy of them as extracts from those documents is officially certified.

735. When was the last appropriation made of commercial surplus?—The last appropriation was made in the year 1829–30; there have been regular appropriations made nearly every year, for which the Court are required to obtain the consent of the Board, but they have not been of large amount of late years.

736. When was the last considerable appropriation made?—In the year 1823–24.

737. To what was that appropriation made?—To the payment of bills for the principal of the Indian debt.

738. How is it that no considerable appropriation has been made since that time?—The surplus since that time has been but of comparatively small amount.

739. Is it that the surplus profits have been to a small amount, or that the debt owing from the territory to commerce has prevented the appropriation?—Although the two accounts are distinct in their nature, I believe both causes have operated.

740. Do you conceive that if the debt from territory to commerce could now be paid, there would be a considerable surplus disposable?—Yes, I should think that there would be.

741. Is it not the fact that, by Act of Parliament, the Company is not liable to defray territorial charges in England until the dividend is provided for?—That I understand to be the case under the Act of 1813.

742. The payment by them of the territorial charges may be taken as evidence that they have funds for paying their dividends?—Certainly; the full payment of them.

743. Is it considered that the accounts rendered to Parliament by the Company are in any way under the control of the Board?—They have not been considered subject to their direct control.

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744. You conceive it is not in the power of the Board to direct any alteration to be made in them?—I conceive that they are presented under Acts of Parliament, direct by the Company, without the intervention of the Board.

745. The Act directs the Court of Directors to lay the account before the House?—It does

746. The Board have no control over the proceedings of the Company at home, except in cases specially provided for by Act of Parliament?—No: I should observe with reference to the previous question that the plan upon which the annual accounts for Parliament are arranged has been settled in concert with the Board, but, as I conceive, not as a matter of control. It may also be observed that the examination of the accounts received by the Board from India, enables us to judge of the general accuracy of the accounts presented by the Auditor.

747. The Board were in fact consulted as to the plan upon which the statements annually laid before Parliament were to be prepared?—They were.

748. Does the Board exercise a detailed control over the financial letters from the Court of Directors to the Government in India?—Very detailed examinations of those letters take place; the various subjects are fully considered, and every figure in them that can be examined is checked.

749. Have not great alterations been frequently made, both in the statement of principles and in the details?—Very many.

750. Does the Board exercise any control over the rate of interest charged?—Not upon the Company's bond debt.

751. Is not the Board always consulted when any alteration is made?—No, the Court direct all that concerns that debt.

752. By the account of profit and loss you have given in for the year 1828–29, there appears to have been a loss by the India trade of 475,977 *l.*, whilst there was a profit of 830,238 *l.* from the China trade, leaving a net profit of 354,261 *l.* on the whole trade; must not the rate of profit on the China trade depend on the sale price at the India House?—Yes, of course.

753. Have the Board ever interfered to regulate the upset price at which tea should be sold?—I am not aware that they have.

754. Are you aware what directions the Act gives respecting the amount of the upset price?—Yes, I am aware generally of the provisions of the Act.

755. Do you consider the Board as having any authority to interfere to see in what manner that upset price is fixed?—I am not aware that they have that authority; but I cannot speak with certainty without referring to the Acts of Parliament.

756. In point of fact, have they ever interfered to regulate the upset price?—Not since I have been connected with the department.

757. In the account you have produced there is an item of 238,753 *l.* credited as interest and discount on anticipated payments, including the adjustment for former years in respect to interest charged on the territorial invoices outward; can you explain to the Committee what is the nature of those?—The Board called for the details of that item, and they can be furnished to the Committee.

758. Do

3 March 1832.

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758. Do you recollect the general nature of them?—It embraced the various transactions of interest and discount which are usual in the Company's affairs, and also a charge of interest on territorial exports, such as stores, which had not been charged in former years.

759. There is another account of 197,785 *l.* credited as interest on the balance due from the territorial to the commercial branch at the close of season 1827–28; what do you mean by that?—The Committee will understand that the account is not prepared in my office; but I apprehend that amount is the interest upon the current account between the territorial and commercial branches.

760. In what way is that made up?—It is calculated upon the balance due to the commercial branch in each year.

761. Is that actual receipt?—The question of interest is not yet finally decided, but it has always been treated as an actual receipt.

762. What do you mean by saying that the question of interest is not yet finally decided?—It is still under discussion between the Board and the Court in what mode the interest shall be calculated.

763. It has been decided that interest is chargeable?—Yes.

764. At what rate is it inserted here?—At the rate of the interest on the Company's bond debt at home.

765. Is any interest allowed upon the advances from territory to commerce in India?—It is upon the balance of the advances and repayments taken together that the interest is calculated.

766. In truth are there any payments in India that can be called advances to commerce?—Not as the account now stands, they are all, strictly speaking, repayments.

767. How do you explain this. “deduction of surplus commercial charges beyond 5 per cent. charged as above on sales, 176,567 *l.*,” how is that amount got?—It is the amount, I imagine, of commercial charge not included in the column above, as a charge upon the India and China trade.

768. Those having been estimated as sufficient to cover the whole?—The charges above show the proportion of charge which it has been always usual to put upon the goods.

769. The result of this account is, that whilst the net profit on the trade is 354,261 *l.*, the Company paid in dividend on stock 630,000 *l.*?—The sum quoted is the net profit on the sale of the goods. There are included in that account also several other items of profit, which enabled them to pay the dividends.

770. Will you furnish the particulars of the 197,784 *l.*, being the balance of interest due from the territorial to the commercial branch?—It can be obtained from the India House.

II
FINANCE

3 March 1832

William Leach, Esq.

ACCOUNTS delivered in by *W. Leach, Esq.*, 3 March 1832.

— No. 1. —

AN ACCOUNT of PROFIT and LOSS upon all Goods sold by the EAST INDIA-COMPANY, in the Year 1828–29, distinguishing *India* and *China*, and specifying the Invoice Price and the several Charges respectively, also the Sale Amount; showing likewise the Net Proceeds of the Commerce in *Great Britain*, after defraying all Charges, and converting the Prime Cost of the Investment, so far as it consists of Repayments of Advances by the Commercial Department, at the Rates of Exchange used in the Company's Books in transactions between the Two Branches of their Affairs, viz. 2*s.* the Current Rupee, 8*s.* the Pagoda, and 2*s.* 3*d.* the Bombay Rupee.

	Prime Cost of the Investment.	Freight and Demorage.	Charges of Merchandise, calculated at 5 per Cent on the Sale Amount of the Goods.	Total Cost and Charges	Sale Amount	Profit.	Loss.
	£.	£.	£.	£.	£.	£.	£.
India Trade	2,188,447	117,441	96,312	2,402,200	1,926,243	- -	475,957
China ditto	1,804,151	508,827	164,536	2,477,514	3,290,748	813,234	—
£.	3,992,598	626,268	260,848	4,879,714	5,216,991	813,234	475,957

Loss upon the India Trade brought down	£.	475,957	Profit on the China Trade, brought down	£.	813,234
Add, Salvage of the "Mermaid" - - -	20		Add, Difference in the rate at which Bills and Certificates drawn from China in Season 1827–28, were paid, and the Rate of 6 <i>s.</i> 8 <i>d.</i> per Tale, assumed in the last Ac- count, being less than 6 <i>s.</i> 8 <i>d.</i> -	17,265	
				830,499	
			Deduct, Salvage of the "Alfred," bring- ing home Teas - - -	261	
				£.	830,238
		£. 475,977			

(continued)

No. 1.—Account of Profit and Loss, &c.—*continued*.

3 March 1832.

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Loss upon the India Trade, brought down - - - - -	- £. 475,977	
Profit upon the China ditto - ditto - - - - -	830,238	£.
Net Profit on the Trade - - - - -		354,261
Add,		
Charges on Private Trade, warehoused and sold by the Company - £. 122,152		
Customs on Private Trade, &c. (deficiencies more received than paid in the year) - - - - -	1,474	
Interest on the Annuities - - - - -	36,227	
Dividends on Stock standing in the Company's name - - - - -	26,544	
Profit on the Company's own Ships - - - - -	32,647	
Profit on Teas sold by the Company's Agents in the North American Colonies - - - - -	17,743	
Interest and Discounts on anticipated Payments, including an adjustment for former years, in respect to the Interest charged in the Territorial Invoices Outward - - - - -	238,753	
Interest on the Balance due from the Territorial to the Commercial Branch at the close of Season 1827-28 (estimated) - - - - -	197,785	
		673,325
	£.	1,027,586
Deduct,		
Surplus Commercial Charges beyond 5 per cent., charged as above, on Sales - - - - -	- £. 176,567	
* Interest on Bonds - - - - -	158,124	
		334,691
Fund whereout the Dividends are to be paid - - - - -		692,895
Dividends on Stock - - - - -		630,000
Ultimate Surplus - - - - £.		62,895

Mem —* The same reservation is claimed, as to what extent the Interest on the Bond Debt may constitute a Territorial Charge, as is stated in the Annual Account presented to Parliament.

East-India House, }
21 Sept. 1829. }

(signed) *Thomas G. Lloyd,*
Acc^t Gen^l.

— No. 2. —

3 March 1832.

William Leach, Esq.

PARTICULARS of INTEREST and DISCOUNTS on anticipated Payments, (including an Adjustment for former Years, in respect to the Interest charged on the Territorial Invoices Outward.)

[illegible]

East India House, }
21 Sept. 1829. }

(Errors excepted.)

(signed)

Thomas G. Lloyd,
Acc^t Gen^l.

3 March 1832.

William Leach, Esq.

— No. 3. —

PARTICULARS of INTEREST on the Balance due from the Territorial to the Commercial
Branch, end of Season 1827-28.

	£.	s.	d.
One Year's Interest on the Net Balance estimated to be due to the Commercial Branch, end of 1827-28, viz. 4,982,657 <i>l</i> , at the rate payable upon the Company's Bond Debt; 11 Months at 4 per cent, 1 Month at 3 per cent - -	195,154	-	-
Deduct, Six Months' Interest on the estimated Balance of Advances between the two Branches in 1828-29, in favour of the Territorial Branch - - -	8,947	-	-
	£.	186,207	-
Add, Adjustment of Interest, as above, short credited in Profit and Loss Accounts in former years, arising from the estimated Advances to Commerce in India in those years being stated at more than the actual amount of the same - .	11,578	-	-
Amount of Interest, as above - - -	£.	197,785	-

(Errors excepted.)

East-India House, }
21 Sept. 1829. }(signed) *Thomas G Lloyd,*
Acc^t Gen^l

— No. 4. —

PARTICULARS of SURPLUS COMMERCIAL CHARGES, beyond 5 per Cent. charged on
Sales, &c. &c.

	£.	s.	d.
AMOUNT of Charges General Commercial, as stated in the Annual Account of Receipts and Payments for 1828-29, the particulars of which have been rendered to Parliament. (printed Report, China Trade, House of Commons, p. 108,* Appendix) - - - - -	467,991	6	11
Payments for Primage and Average, included in Amount of Payments for Freight and Demorage, not charged upon the goods sold under that head - - -	3,258	3	-
	£.	471,249	9
Deduct, Articles for which a value remains, viz. Buildings, Loans, &c. - -	4,916	12	1
Charged on the Company's Trade, viz.:	466,332	17	10
Charges of Merchandize, calculated at 5 per cent. on the Sale	£.	s.	d.
Amount of Goods - - - - -	260,848	-	-
Amount charged in Profit and Loss Accounts of Company's own Ships, for management - - - - -	1,200	-	-
Warehouse Charges on Exports, added to the Invoice Amount - - - - - £. 7,076 - -			
Shipping Charges on ditto - ditto - - - - - 20,642 - -			
	27,718	-	-
	£.	289,766	-
	£.	176,566	17

* Appendix to
First Report,
page 970

(Errors excepted.)

East-India House, }
21 Sept. 1829. }(signed) *Thomas G. Lloyd,*
Acc^t Gen^l.

Jovis, 8° die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair:

II.
FINANCE

8 March 1832.

William Leach, Esq.

WILLIAM LEACH, Esq. called in and further examined.

771. WHAT sum of surplus commercial profits has been appropriated since 1814?—£. 5,333,198.

772. Has the whole of that been appropriated to territorial purposes?—To territorial purposes, except the portion applied to the bond debt, the character of which is considered doubtful.

773. How much has been appropriated to the bond debt?—£. 334,399.

774. Under what circumstances was that appropriation made?—It was made at the early part of the period, chiefly in consequence of some bonds being paid in, and others bought up. An account, prepared by the Court in 1818, showed that a sum had been applied to the reduction of the home bond debt, which the Board ultimately sanctioned.

775. Was there any hesitation in sanctioning that appropriation?—There was some discussion upon the subject.

776. What was the nature of the discussion?—To ascertain whether the whole amount of those bonds could be properly discharged out of the surplus profits.

777. Was there any legal doubt?—The doubts started were of a legal character.

778. Generally speaking, the appropriation of the commercial surplus, with the joint consent of the Court and the Board, has been to territorial purposes?—Decidedly

779. Do you admit that the Company's commercial surplus or assets would have been increased if, instead of the Board's rates, the rate of mercantile exchange, or any other mode of conversion proposed by the Court, had been adopted in the accounts?—In the earlier years they would have been diminished. Taking the whole period, the amount of surplus would have been increased.

780. Supposing the surplus to have been appropriated in the way that has been adopted by consent during the present term, would the Company, in its commercial and permanent capacity, have gained anything by the adoption of those other rates?—I conceive not.

781. Could they have increased their dividend?—Certainly not.

782. Supposing the Company, by any erroneous accounts, had given to the Board a false impression of the state of their commercial finances, could they thereby have procured an increase of dividend; or, supposing the same system of appropriating surplus to have been adopted, would they have been better off in the case supposed in their commercial capacity?—Generally speaking, I should say not; but I cannot answer with certainty, not knowing what is intended to be embraced in the term "erroneous accounts."

783 What

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783. What is meant is, supposing by any other mode than that contemplated in the former questions, namely, a different rate of conversion, the Court had represented their commercial accounts more favourably, would they have been in a better situation commercially than they have been?—Certainly not, while the surplus profits were appropriated as they have been.

784. Was the commercial cash balance of the Company increased or diminished since the 1st of May 1814?—The balance in the home treasury is always fluctuating. On the 1st of May 1814, it was 695,860*l.*; on the 1st of May 1831, it was 1,051,303*l.*

785. When you say balance in the home treasury, do you mean that the whole of that balance is commercial?—That is a question which has not been determined.

786. Are there no clearly political receipts in the home treasury?—There are political receipts.

787. Are not those by Act of Parliament, as well as by the plan of the account arranged at the period of the charter, appropriated to territorial purposes before any demands are made on the commercial fund for those purposes?—Certainly; they are appropriated to territorial purposes as far as they will go.

788. Is there any account of them?—The home account annually presented to Parliament, contains a distinct account of them, as does also the account between the territorial and commercial branches.

789. Has any question arisen between the Court and the Board as to the amount of cash balance necessary or proper for the Company to keep, or the amount of surplus which might remain unappropriated?—Yes, occasionally.

790. Are the Board now satisfied that the unappropriated surplus is not too great?—That is a question I cannot answer.

791. Are you satisfied?—It would be very difficult to say what is the necessary amount to be retained; it must vary according to circumstances.

792. When you have had occasion to resort to the India House for explanations upon any point in the account which appeared to you to require it, have you always had ready access to their books, and found the officers of the India House willing to give you every assistance in their power?—Invariably so.

793. Have you any reason to believe that the Company have at any time declared a dividend without having at the time a surplus of commercial profit?—That depends in some measure upon points which have been in dispute, as to what is properly the fund for the dividends.

794. Explain the nature of those doubts?—Questions have arisen whether particular items which have been introduced into the account, are accurately introduced or not, before the surplus is struck.

795. Are any of those doubtful questions now pending?—Some are now pending.

796. Have they a very material operation upon the question?—Yes, some considerable operation.

797. Do they extend to every year since the charter?—Those I refer to not to all, only to a few.

798. To the later or the earlier years?—To the later.

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799. Will you state what those are?—Under the official oath I have taken, and the Minute of the Board with reference to present examination, I am not at liberty to go further upon that point, the questions not being decided.

800. Supposing the commercial profit to be insufficient in any one year for the dividend, are not the Company entitled to resort to the territorial surplus of one year preceding?—They are.

801. Have they ever resorted to the territorial surplus?—I am not aware that they have in any case.

802. Must not you necessarily be aware of that if it had happened?—In some years it may admit of dispute whether they have or have not had occasion to resort to it.

803. Have they ever stated in any account of territorial revenue charge and surplus, any claim made upon the surplus for the dividend?—No.

804. Under the clause upon which notice has been given to the East-India Company of the determination of their exclusive trade and holding of the territory, what is the sum payable to the East-India Company by the public?—£. 1,207,560.

805. Do the Government now pay interest upon that sum?—They do.

806. Explain how that debt arose?—It is the balance remaining of the sum which was originally lent to the Government by the Company, amounting to 4,200,000 *l.* The Company were allowed to repay themselves by disposing of the debt to annuitants. Hence arose what is called the East-India Annuities. The annuities were sold to the extent of 2,992,440 *l.* and no further, leaving the balance of 1,207,560 *l.* due to the Company.

807. How happened it that the whole were not sold at the same time?—I am not aware what was the occasion of the operation being stopped.

808. What was the Act under which this was created?—The 23 Geo. II, c. 22, and the annuities were consolidated with the three per cent. reduced stock by the 33 Geo. III, c. 47.

809. From the attention which you have given to the principle of separation between the territorial and commercial accounts, do you conceive that, in the event of a final separation between the Company and the public, it would be fair to consider the cash balance in 1814 at home as commercial, and the cash balance in India as political?—Previous to 1814, the accounts were so extensively blended that it is almost impossible to decide that point.

810. You apply that doubt to the balances both in India and in England?—I think it may in some measure be applied to both.

811. Would the Company's commercial property, without reckoning in the claim upon India for buildings or upon other grounds, be in your opinion sufficient to realize a dividend of 630,000 *l.* per annum?—I cannot answer that question.

812. Since 1824, you say there have been no material appropriations of commercial surplus?—No very considerable appropriation.

813. Nor has there been much commercial surplus in fact?—Not a very large amount as compared with former years.

814. Has there been a commercial surplus equal to the territorial deficiency?—Certainly not.

815. Since

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815. Since 1824, the whole concern has constantly been increasing its debt?—Yes, combining the territorial with the commercial concern.

816. Do you admit that the bond debt is to be considered entirely commercial, and the Indian debt political?—That point, more especially as it respects the bond debt, has never yet been decided or admitted.

817. What is your own opinion?—I have much doubt on the subject.

818. Which way does your opinion preponderate?—I cannot give an opinion. It has always been a matter of considerable doubt whether any part of the bond debt is territorial; I have certainly participated in those doubts, and have not seen clear ground for coming to a decision.

819. Has there been any dispute between the Court and the Board with respect to the appropriation to the two branches respectively, the military and other buildings, and other fixed property in India?—I do not at this moment remember any.

820. Has there been any appropriation of territorial surplus since 1814 to the payment of debt?—There has been, I conceive, application of territorial surplus to the payment of debt.

821. Under the fourth head of appropriation?—The fourth head of appropriation of the 55th section of 53 Geo. III, c. 155, requires a particular process to take place between the Board and the Court. I am not aware that that process has been literally followed, as the Indian government have usually liquidated debt without reference to the home authorities: but I conceive surplus territorial revenue in India has been applied to the liquidation of debt.

822. Could an account be made out from the 1st of May 1814 to the present period, of the receipts in India and in England respectively, and of their application severally under the heads of appropriation prescribed by the 55th and 57th clauses of the Charter Act?—I have no doubt such an account could be prepared, perhaps more conveniently at the India House than here.

823. Was it or not your duty to examine the annual account of the Company's commercial transactions previous to declaring the dividend and ascertaining the surplus or loss?—No, the dividend is declared by the Court.

824. Did you receive any authority from the Board of Control to examine those accounts, in order to ascertain whether the account rendered by the Company was accurate or not?—In the ordinary course of business that has been done, so far as general accuracy of principle is concerned.

825. What was the course you adopted in order to ascertain the accuracy of the account?—The account for that purpose is a commercial account, and I have already explained to the Committee on what grounds the certified authority of the officer at the India House is considered to vouch the items of a commercial description.

826. Do you consider it sufficient to have the certificate of the officer at the India House of the totals, without going into any of the details yourself?—Unless they appear to require particular explanation.

827. With respect to the item of 238,753 *l.*, respecting which you were asked, and which appears under the head of interest and discount on anticipated payments, including adjustments for former years in respect to interest charged on the

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territorial invoice outwards, did you ascertain how far all the items forming that large total were correct or not?—Explanation was expressly required upon that point, and a full detail of particulars given.

828. Did you satisfy yourself by examining each of those details, that they were properly credited to trade?—It was ascertained that they were properly credited to trade.

829. By yourself?—It was. I should observe that while the Board do not control the details of the commercial accounts, they see that no improper charge upon the territorial revenues is introduced therein.

830. By whom was it considered that those items were correct?—They were considered so by this department generally. The Board made no objection to the item.

831. You were asked before to produce a copy, and you said there was no such copy in the house; how did you ascertain that the items were correct?—My observation applied entirely to the other items, the 197,785*l.* and 176,567*l.* below it, respecting which the Committee inquired.

832. There is an item of interest on the balance due from the territorial to the commercial branch at the close of the season 1827–28, estimated at 197,785*l.*; is that one of the items to which you refer?—It is.

833. There is a further item in these terms, “Deduct surplus commercial charges beyond five per cent. charged as above on sales, 176,567*l.*,” was that an item also upon which you had no details?—Yes; but it was wholly a commercial charge. Any part disallowed must have become territorial. With respect to the interest, that is a subject which has been under discussion between the Board and the Court, the Board objecting to the Court’s mode of charging interest, and therefore it was not necessary to inquire into that particular sum. The mode of calculation was known, and was objected to as upon an erroneous principle.

834. You say certain items, of which those two exceed 300,000*l.*, were objected to; did you not object to taking the ultimate surplus, after the payment of the dividend, at 62,895*l.*?—The item of surplus commercial charges was not objected to. It was always considered that the result would be subject to adjustments, some of which would be regulated by the decision upon any points in dispute.

835. Are the Committee to understand that that was your own opinion, or the opinion of the Board, and that they acted upon it?—That the Board have always acted upon that principle.

836. Up to the present moment, those points of dispute have not been adjusted?—That on the interest has not been finally adjusted.

837. Every account that has an item under that head must remain unadjusted at the present time?—Yes, without final adjustment.

838. What kind of adjustment has there been?—A provisional adjustment, subject to the determination of certain questions.

839. Then you have taken it for granted until the points in dispute shall be settled?—It has no further been taken for granted than as an account prepared by the Company, and supposed to contain generally a true representation of certain of their transactions, on which, however, the Board have pronounced no opinion, and have questioned some of the items. Thus they have not admitted the accuracy of the particular sum in question.

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*William Simons,
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WILLIAM SIMONS, Esq. called in and examined.

840. You are Chief Clerk of the Committee of Buying and Warehouses in the India House?—I am.

841. Will you state what is the nature of the duties of that department generally, and of yourself in that department?—The Committee of Buying and Warehouses, as their name signifies, buy all the goods which the Company export, including military stores, in such way as they can most to the advantage of the Company, but chiefly by public advertisement or circular letter; some of our stores, which do not admit of being purchased by competition, are bought of tradesmen, as any other merchant would do, by private agreement; but a special report is made by the Committee of all such goods, whether by advertisement, by circular letter, or privately.

842. Do the advertisement and the circular letter equally invite tenders?—Yes; small arms, and things of that kind, are bought by private bargain; but everything which admits of being bought by muster is so bought.

843. What are your duties in that department?—My duties are to attend upon the Committee, and to take their orders, and to put them forward into action, and to lay the papers before the Committee, and take their orders upon them as regards those purchases; but that is the smallest part of the business of the Committee. I have to manage the orders to India and China, for goods to be provided there, and to manage the sales of them; also the goods of private merchants, who intrust them to the management of the Company, and to superintend the warehousing department generally, which consists of 3,000 persons; the details are very great indeed. The Company's commercial affairs generally are entrusted to the Committee of Buying and Warehouses, and managed by them. There is also a separate department for shipping, which is another committee, with which I have nothing to do; they have a separate Clerk.

844. Can you state generally what are the goods purchased by the Committee of Correspondence and the Committee of Shipping?—The Committee of Shipping purchase naval stores generally and provisions, and manage the Company's ships; the Committee of Correspondence purchase mathematical instruments or matters of that kind for India, and anything out of the usual way; the Committee of Correspondence, as the senior committee, take that upon themselves but very seldom, hardly worth mentioning.

845. You have to do with the purchase of goods both at home and in India, and also the purchase of military stores?—Yes.

846. The Shipping Committee purchase the naval stores?—Yes.

847. Can you state what is the number of persons in the commercial employ of the Company altogether in India, in England, and in China; and can you state what is the whole charge of the commercial establishments in each country?—If the Committee will be pleased to refer to the Evidence before the Select Committee of the House of Commons, ordered to be printed on the 30th of June 1831, and the 11th of October 1831, they will find a Return of Officers and Expenses in England in the year 1817 and 1827 contrasted; and if they will be pleased to refer to the same paper they will find the like statement as they stood in India. In

page

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* First Appendix
to Third Report,
page 194.

† Ditto, page 180.

page 682,* No. 35, are the Returns of Officers and Places in England, and the Amounts ; and in page 672 † and the following pages, are the same as they stood in India; but these statements have been new modelled latterly, and diminished considerably.

848. It is of the commercial establishment only you are now speaking?—Just so.

849. Are you not prepared to state what is the result of those Returns?—Only by referring to those Returns which have been made. I have a Return of the Indian Establishment as new modelled, which reduced it considerably ; it was made by the Governor-General in the year 1829, and allowed by the Court in the year 1830 ; that applied to the whole of the civil establishments ; they were all remodelled and reduced ; that originated in an order of the Court calling to their notice that some of the functionaries were paid too much ; the Governor-General took it into his consideration, and remodelled the whole of the civil establishment, every part of it. The commercial part is the only part with which I have to do, and that I have here ; it is Schedule (D.).

[The Witness delivered in the same, which was read as follows :]

SCHEDULE (D.)

COMMERCIAL.

OFFICES.	Present Salaries.	Proposed Salaries.	Proposed Less.	Proposed More.	REMARKS.
	<i>Sonant Rs.</i>	<i>Sonant Rs.</i>	<i>Sonant Rs.</i>	<i>Sonant Rs.</i>	
Board of Trade, senior member	57,475	52,200	5,275	—	
junior ditto -	45,043	52,200	-	7,157	
1 secretary -	25,080	25,200	-	120	
1 assistant -	5,102	6,000	-	898	
13 Commercial Residents :					
Benares - - -	46,639	24,000 ^(a)	22,639	-	^(a) A like sum to be drawn as opium agent.
Cossimbazar - - -	50,160	48,000	2,160	-	
Etawa and Calpee - - -	74,423	48,000	26,423	-	
Bauleah - - -	48,456	36,000	12,456	-	
Malda - - -	40,404	36,000	4,404	-	
Radnagore - - -	38,063	36,000	2,063	-	
Commercolly - - -	34,570	30,000	4,570	-	
Hurripaul - - -	25,766	30,000	-	4,234	
Jungipore - - -	30,463	30,000	463	-	
Rungpore - - -	22,637	30,000	-	7,363	
Santipore and Golegore -	42,351	30,000	12,351	-	
Soonamooky - - -	29,064	30,000	-	936	
Surdah - - -	31,297	30,000	1,297	-	
Two assistants, Bauleah -	10,032	9,600	432	-	
Benares - - -	10,032	9,600	432	-	
Sub-export warehouse keeper -	63,800	42,000	21,800	-	
Head assistant ditto -	24,935	18,000	6,935	-	
2d assistant ditto - - -	12,257	9,600	2,657	-	
Import warehouse-keeper -	15,048	-	15,048	-	(To be abolished.)
TOTAL - - S. Rs.	7,83,097	6,62,400	1,41,405	20,708	

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SCHEDULE (D.)

COMMERCIAL.

(Correct.)

(This Account is proposed to be substituted for the preceding Statement.)

SALARIES at *Bengal*, as ordered per Court's Letters of 28 April and 24 November 1830.

<i>From return of Establishment 1st May 1828.</i>	OFFICES.	Present Salaries.	Proposed Salaries.	Proposed Less	Proposed More.	REMARKS.
<i>Sicca Rupees.</i>		<i>Sonant Rs.</i>	<i>Sonant Rs.</i>	<i>Sonant Rs.</i>	<i>Sonant Rs.</i>	
55,000 - -	Board of Trade, senior member	57,475	52,200	5,275	-	(Corrected.)
43,103 7 -	junior ditto -	45,043	45,000	43	-	
24,000 - -	1 secretary -	25,080	25,200	-	120	
4,883 10 -	1 assistant -	5,102	6,000	-	898	
	13 Commercial Residents :					
44,630 13 -	Benares - - - -	46,639	24,000 ^(*)	22,639	-	^(*) A like sum to be drawn as opium agent.
54,939 1 -	Cossimbazar - - -	50,160	48,000	2,160	-	
80,817 12 -	Etawa and Calpee - -	74,423	48,000	26,423	-	
46,369 6 -	Bauleah - - - -	48,456	36,000	12,456	-	
38,603 10 -	Malda - - - -	40,404	36,000	4,404	-	
37,024 1 -	Radnagore - - - -	38,063	36,000	2,063	-	
33,080 10 -	Commercolly - - -	34,570	30,000	4,570	-	
24,657 3 -	Hurripaul - - - -	25,766	30,000	-	4,234	
29,150 12 -	Jungypore - - - -	30,463	30,000	463	-	
21,661 12 -	Rungpore - - - -	22,637	30,000	-	7,363	
40,526 13 -	Santipore and Goligore -	42,351	30,000	12,351	-	
27,812 5 -	Soonamooky - - -	29,064	30,000	-	936	
29,948 9 -	Surdah - - - -	31,297	30,000	1,297	-	
	Two assistants, Bauleah -	10,032	9,600	432	-	
9,600 - -	Benares - - - -	10,032	9,600	432	-	
58,652 11 -	Sub export warehouse-keeper -	63,800	42,000	21,800	-	
23,861 3 -	Head assistant ditto - -	24,935	18,000	6,935	-	
11,729 15 -	2d assistant ditto - - -	12,257	9,600	2,657	-	
14,400 - -	Import warehouse-keeper -	15,048	-	15,048	-	(To be abolished.)
7,54,513 9 -	TOTAL - - S. Rs.	7,83,097	6,55,200	1,41,448	13,551	Total corrected.

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* The Figures in this column, and the words in *Italic*, are in Red Ink in the MS.

850. Can

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*William Simons,
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* First Appendix
to Third Report,
page 194.

† Page 194 as above.

850. Can you state the total number of persons in the commercial employ of the Company in India altogether?—The number of servants is stated in the papers.

851. Do the returns contain the whole of the persons in the employ of the Company?—The whole of the servants and salaries, not the persons who are paid for winding silk and so on; the labourers only, those who are the servants of the Company, not the workmen hired from day to day.

852. Is there not a statement of the cost of their labour?—Yes, the amount.

853. What are the annual charges for office establishment in your department?—The whole returns of the India House have been made to the late Committee; a Return of the Places and Offices in England will be found in page 682* of the Evidence ordered to be printed the 30th of June 1831 and the 11th of October 1831.

854. What was the expense of your office and establishment in 1817?—I cannot say, but I think that has been returned.

855. Can you state what has been the expense of your office and establishment for any one year?—I have an account for the warehouse department.

856. The expenses of your department are classified in a Return under the head of Office and Establishment?—That is included in the papers to which I have already referred.

857. It is stated in the Return to No. 35, Appendix to the Report of 1831, page 682†, that in 1817 the expense of your establishment and office amounted to 9,864 *l.*; that in 1827 it amounted to 13,069 *l.*, making an increase of charge for the year 1827, as compared with the former period, of 3,205 *l.*; do you conceive that to be a correct return of the charge of your establishment?—I have no doubt it is, it was made up by the Accountant.

858. What is included under the term office and establishment?—The clerks, I apprehend.

859. What is the annual salary of the principal clerk and of his chief assistant in your department?—My salary is 2,000 *l.* a year, and the chief assistant, 1,050 *l.*

860. Does the number you have given of 3,000, include the whole number of persons, principals, clerks, extra clerks, and servants, employed in your department?—The number of 3,000 to which I allude, are not the persons in the India House, but the warehouses.

861. What is the total number of persons employed in your department?—It would consist of those enumerated in the Return referred to, and the warehouse-keepers, who are also returned, and the persons in the warehouses. The whole expense of the warehouse department out of the India House, I can speak to. In the year 1828, there were 2,896 persons, the whole of whose pay was 188,000 *l.* a year, and in the year 1832, there were 2,547 persons, whose pay was 157,000 *l.* a year; but on the average of the first 14 years of this charter, the salaries and pay came to about 202,000 *l.* a year, and the number of persons was considerably more; but any account the Committee may be pleased to order can be furnished.

862. The expense which you have just mentioned, on the average of 14 years, of something more than 200,000 *l.* a year, has been paid to the warehouse-keepers and labourers out of the India House?—Yes.

863. Does

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863. Does that include extra payment to extra labourers? It is the whole annual salaries and daily pay of the warehouse department?—The whole expense of the warehouse department was 315,000*l.* a year, of which there is 69,000*l.* for landing and housing goods, dock dues, cartage and materials for warehouse use, such as deal boards, nails and so on; the daily wages, including the medical attendance which is allowed the men, 160,000*l.* a year; rent of hired warehouses and ground rents, 24,000*l.* a year; taxes and repairs, 20,000*l.* a year; salaries to clerks and warehouse-keepers, 42,000*l.* a year, making altogether 315,000*l.* a year; but if the Committee shall be pleased to order an account to be made out, the items would be seen more precisely; this is done in a rough way.

864. The sums which you have just enumerated are independent of your office in the India House?—Yes.

865. Are there included in the statements the whole of the commercial charge or expense in Europe?—Not in the sense of the Act of Parliament of the year 1813, which directed that there should be an apportionment of the salaries and expense of the whole of the India House, as between the territorial and commercial branches of the Company's affairs, and that such apportionment should be approved by the Board of Commissioners. this was done in the month of June 1814, and included in the head of the commercial charges, part of the gratuities to the Directors, part of the salary of the secretary, and of almost the whole of the establishment, because at that time the Company's commercial transactions were very large. Those contingent sums are carried partly to the trade of the Company, and partly to the territorial branch; therefore to frame a correct account of the commercial expenses of the Company, it must include a part of the allowances and salaries I have mentioned, and a portion of the amount of the general expenses, and can be drawn up by the Accountant only. There is a statement in the Report of the Select Committee of the House of Lords, ordered by the House of Commons to be printed the 8th of July 1830, page 28,* as to the division of the salaries and expense between the territorial and commercial branches of the Company's affairs.

* See Lords' Report for 1830. P. 33.

866. Has the Company exported any merchandize of late years for sale in India?—The Company have ceased to export goods to India for sale since the year 1824–25.

867. No merchandize having been exported by the East-India Company to India since the year 1824–25, has any considerable reduction been made in the number of persons employed, and in the salaries, in your department?—No; because the exportation to China has been as large as it was, and the military stores have been much larger. In some of the years the military stores have amounted to 800,000*l.* or 900,000*l.* The details of miscellaneous business have also increased.

868. The Committee have before them a Return, which shows that in 1814 the exports to China were 911,663*l.*, and in the year 1828 they were only 638,325*l.*; how do you reconcile that with your statement, that the exports to China were as large in the latter years as they had been formerly?—The exports to China are reduced in some kinds of goods, and increased in others, but the numbers are not, I believe, very materially changed, but the cost price has fallen off prodigiously; the superfine broad cloth, which used to cost 20*l.*, is now bought

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for

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*William Simons,
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* First Appendix
to Third Report,
Page 194.
† Ditto. Page 202.

for 10*l.*; and so of other articles. Lead, that cost 40*l.* a ton, is now bought for 13*l.*

869. From the statement made just now, it appears that the expense of your office and establishment in 1827 was more by 3,205*l.* than it was in 1817; how do you explain that?—The particulars which have caused the increase are stated in p. 682* of the Papers printed by the House of Commons (11 October 1831), but there is a set-off of 800*l.* per annum, under the head of Clerk of the Committee of House, p. 686,† which has merged into the office of the commissioner of warehouses.

870. Are the Committee to understand that you are unable to state the total annual amount of commercial charges at the India House, in so far as offices, establishment and superannuations are concerned altogether?—Quite; I have not the means of doing it. It is the business of the Accountant entirely.

871. Can you state the annual rental of the warehouses?—The warehouses are almost all freehold, or built upon ground belonging to the public companies, on long leases, renewable on payment of fines.

872. Have not the East-India House and the warehouses together been valued at 1,294,768*l.*?—They have been valued repeatedly, and form an item in the Returns made to Parliament. I calculate that the warehouses stand in the Company's books at 950,000*l.*, but the Accountant-general can show that very exactly.

873. Can you state on what ground the East-India Company discontinued the export of merchandize to India since 1824–25, after having continued to export from 1814 to that year?—The Company continued during the first years of the present charter to carry on trade as they had formerly done, on the principles of profit and loss, as merchants at that time: the export goods, principally copper and woollens, sold at a very good profit. The Court have recorded their reason for discontinuing the export trade to India, in a letter to the Governor-General and Council in Bengal, which I will beg to read, dated the 10th of November 1826: “ We have received the letter from your chief secretary, Mr. Lushington, dated the 12th January 1826, inclosing an indent dated the 6th of that month, for commercial supplies required from London to meet the probable demands of the Bengal market in the season of 1827–28, together with copy of a letter from your Board of Trade, dated the 10th January 1826, with a letter from Mr. Munday, your import warehouse-keeper, in explanation of his indent, which asks for a supply of woollen cloths and metal, and some cotton goods, to be exported from England in the shipping season of 1826–27, to the amount of about 476,000*l.* sterling; the chief part of which is intended for the supply of your monthly sales, but some of the woollens are exclusively suitable, we apprehend, to meet the demand of the officers of the army. It would be highly satisfactory to us to be enabled to continue to furnish India with regular and ample supplies of British staples, as we have long been in the practice of doing; but looking to the great difficulty which now exists in obtaining any articles of Indian produce or manufacture, that will afford a remittance to London even at several pence in the rupee below the par of exchange; considering likewise the large balance which is due from the territorial to the commercial branch of our affairs, the amount of which, at the close of the year

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year 1825-26, has been estimated (in our letter to you in the Finance Department, dated the 14th June 1826) at not less than 4,000,000*l.* sterling, and which balance will be further augmented in the year 1826-27, in consequence of the very extensive supply of military and public stores now under provision, and by our increasing territorial disbursements in London, to all which is to be added the very important circumstance, that the conveyance of troops and of military and public stores will give full employment to the outward-bound tonnage of our ships of the season 1826-27; we have seen it expedient to determine not to make any provision of woollens, copper, iron, lead, or of merchandize of any other kind for exportation to any of our Indian presidencies in the approaching shipping season of 1826-27. We are not at present prepared to state the course which we may see it right to adopt in the succeeding year; but the prospect is certainly discouraging as regards future extensive purchases of exportable merchandize for sale in India. We shall not fail, however, to give the subject all the consideration which its importance demands. In the mean time you will persevere in selling off your remains of Europe goods, and reduce your establishment to the lowest practicable scale. Being apprehensive, however, that the non-transmission of a moderate supply of scarlet and other superfine broad cloth may possibly be attended with inconvenience to the military service who have been in the usage of obtaining cloth from our import warehouse, we shall provide a limited quantity of the best superfine broad cloth for consignment to you in the approaching shipping season, a list whereof will be found in the packet. These cloths will be invoiced as military stores, and must be delivered at once to the clothing agent without passing through your commercial books. Should the continuance of this mode of supply be found desirable, you will be pleased to make the proper arrangements in the military department, and cause your future indents to be issued in the manner usual for other clothing stores." Another letter was addressed the 28th of April 1830 in these terms: "The discontinuance of the import warehouse as a separate department had been under our consideration, and has now become unavoidable in consequence of the cessation of our exports to Bengal for commercial purposes, a course which the state of our finances must have constrained us, however reluctantly, to adopt, even had the Indian markets been more favourable than has of late been the case. We delayed, however, giving definite directions respecting the import warehouse, as circumstances might have rendered it advisable to resume our commercial exports in some degree; and if we shall hereafter see it proper to do so, the goods must be committed to the charge and management of the export warehouse department. The preceding paragraphs had been drafted previously to the receipt of your letter of the 7th July 1829, which treats of the transferring to the military, medical, and naval departments the duty of receiving their own stores direct from the ships, instead of, as heretofore, through the commercial department; of the uniting the import commercial business with the export warehouse, and of abolishing the former office;" this has been done since; "also of the appropriating to other branches of the public service the very extensive premises at present allotted to the import department; upon which matters, especially upon the import warehouse, you intend to report to us hereafter. As these objects are in unison with our view of what is most fitting to be done, we merely see it necessary upon this occasion to inform you that the several docu-

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ments to which you refer in your letter under notice, have been laid before us ;” since that, the Court have never resumed any export trade to any of the presidencies.

874. They have continued it to China?—Yes, on the same scale in the amount of goods, but about two-thirds in value.

875. You spoke of the export of metals and of woollens to India : were those the only two articles you had been in the habit of exporting for some time prior to the year 1826, or were they only the principal articles?—Copper was the principal article of all the Company’s trade, and British woollens ; they exported some Madeira wine, but that I think had ceased before that time ; copper and woollens were the principal articles.

876. The ground stated in those extracts which you have now read, are the reasons assigned by the Directors for the discontinuance of that export trade?—Yes.

877. Do you conceive that the incapacity of the East-India Company to compete with the free-traders, had anything to do with the discontinuance of their export of merchandize to India?—I should really think not.

878. Have you not an account of the profits and loss, from the year 1814 to the year 1826, of all your commercial exports to India?—Yes, that has been presented to the Select Committee of the House of Commons in the last year.

879. Have you any reason to believe that India has been well supplied with British manufactures since the Company ceased to export them ; or can you state any detriment which this country or India has sustained by the exportations of the Company having ceased?—No ; I apprehend that India is supplied more abundantly with every thing than ever it was.

880. You think that neither country has sustained any detriment by the exportations of the Company having ceased?—I should think not in point of amount. The accounts of external commerce have been laid before the Committee ; they are in folio 130* of the Report ordered to be printed in February 1830. The imports from Great Britain into British India in the year 1814–15 are 1 crore 52 lacs ; in the year 1828–29 it was 3 crore 33 lacs ; or from a million and a half sterling it had increased to three millions and a third, but of that two millions were British cottons ; so that the original trade in copper and woollens has not increased.

881. Has not spelter become an increased article of trade?—Yes ; but the market has been overdone with it, and the price in consequence reduced ; many thousand tons have been sent ; the Company sent a little, but that is a foreign manufacture altogether ; there is no British spelter ; but the increase of exports from England to India is in British cottons, for it appears by the Custom-house account, which has been printed the 9th of February 1830, that the British cotton goods exported to the eastward of the Cape of Good Hope, not including China, amounted to two millions sterling.

[*The Witness delivered in the Account, which was read as follows :*]

* Appendix C to
Report of Lords’
Committee 1830.
Page 1472.

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(REPORTS, EXTERNAL COMMERCE.)

A STATEMENT of the Value of IMPORTS into *Bengal, Madras and Bombay* from *Great Britain* in the following years, distinguishing Merchandize from Treasure (including the East-India Company's Imports).

	MERCHANDIZE.	TREASURE.	TOTAL.
	<i>Sicca Rupees.</i>	<i>Sicca Rupees.</i>	<i>Sicca Rupees.</i>
1811-12	1,35,08,171	24,059	1,35,32,230
1812-13	1,30,40,279	1,69,017	1,32,29,296
1813-14	1,40,63,773	33,850	1,40,97,623
1814-15	1,26,58,777	5,25,127	1,31,83,904
1815-16	1,52,62,082	12,09,271	1,64,71,353
1816-17	1,63,29,099	99,68,316	2,62,97,415
1817-18	2,43,54,025	76,40,520	3,19,94,545
1818-19	2,52,58,138	1,57,37,614	4,09,95,752
1819-20	1,57,64,383	1,65,21,662	3,22,86,045
1820-21	1,82,20,024	33,89,183	2,16,09,207
1821-22	2,46,56,811	19,74,099	2,66,30,910
1822-23	2,85,53,065	2,53,087	2,87,68,152
1823-24	2,60,55,668	6,33,407	2,66,89,075
1824-25	2,57,19,795	39,205	2,57,59,000
1825-26	1,91,67,977	2,25,519	1,93,93,496
1826-27	2,02,59,982	1,42,594	2,04,02,576
1827-28	2,97,68,057	81,660	2,98,49,717
1828-29	3,33,59,016	2,73,257	3,36,22,273

882. You are no doubt aware that between 1814 and 1820, the East-India Company, besides wrought and unwrought metals and broad cloths, exported largely to India such articles as blankets, woollen nightcaps, Madeira, claret, port, Cape wine and brandy; can you state what gave rise to the speculation in such articles as those, and whether they turned out profitably or otherwise?—The exportation of wine to India, which commenced in 1808, arose in consequence of complaint, that good wine could not be procured at reasonable prices; that went on for four or five years.

883. Was there any idea that an export trade, consisting of articles intended for the consumption of the natives, would fail, and that the only way to compete successfully with the private trader, was to export such articles as were required for consumption by Europeans?—I never heard of such a proposition, or such a course of argument.

884. Did not the speculation in Madeira wine to which you have referred, of export to India, and particularly to Calcutta, prove a very ruinous trade to the Company?—A very disadvantageous trade after the first year or two.

885. Do you mean that there has been no Madeira wine sent since the renewal of the charter?—I believe not.

886. At

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886. At all events the exports of those articles were not continued?—They were not; but in addition to the ceasing to be exporters, the Company have ceased to be importers into England, except of raw silk, some silk goods, and saltpetre from their own factories, and of indigo bought in Calcutta; they have abolished all the factories at Bengal, Madras, and Bombay, which provided cotton piece-goods; the whole of the commercial establishments at Madras are done away, and at Bombay nothing is left but one factory for the provision of cotton to be consigned to China; the Company, except as above, have in fact ceased to be traders altogether.

887. Can you state the reason why the East-India Company continue to export merchandize to China, after discontinuing to export it to their own possessions?—Because the Company having the monopoly of the China market, it would seem to follow, that if they had not supplied it with British manufactures, they would not have been imported into that empire at all, or at least not in sufficient quantities; but I think I may affirm that it was considered a moral obligation, if that expression be permitted in the Court, to continue to supply China; it never was contemplated not to supply China.

888. If the trade of China were to be thrown open to the same extent as that of India, are you of opinion that the East-India Company would find it advantageous to discontinue the export of merchandize to that country?—I fear that must be matter of opinion. If private persons had access to China, and supplied the market so fully that no more was required, and the European goods sold at a loss, the Company might possibly discontinue the present means of carrying on their trade, so far as the teas are paid for by woollens, &c., and draw on Bengal for the whole of their teas; but this supposes a change in the system which I, as a servant of the Company, cannot contemplate.

889. In 1814, the total of the value of the Company's exports to India and to China amount to 1,738,211*l.* in three years, and in the exports to India alone, in the private and privileged trade, they amount to 1,048,132*l.*, showing an excess upon the whole export trade of 690,079*l.* in favour of the Company's trade. In 1828, the total value of the Company's exports to India and to China amounted to 1,126,926*l.*, and in the same year the export of the private and privileged trade amounted to 3,778,511*l.*; the result of the calculation of those two periods is, that there has been a falling off in the Company's export trade to India and China together of 611,295*l.*, that there had been an increase in the private and privileged trade to India alone of 2,730,379*l.*, and that the excess of the Company's trade both to India and China of 690,089*l.* has been altogether reduced, and that the private and privileged trade to India alone is now in excess over the Company's both to India and China, to the amount of 2,730,374*l.*, making the total difference between the two periods in favour of the private and privileged trade to India alone of 3,420,468*l.*; can you account for this change in the proportions of the trade which are carried on by the Company and the private trade respectively?—With regard to the exports to India, as I have before stated, that of the Company has totally ceased; they send nothing as merchandize to India.

890. It appears from the Returns laid before Parliament, that in the year 1828 the Company exported goods to India to the value of 488,601*l.*?—Those must be military stores.

891. In

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891. In the year 1814 they exported only to the amount of 826,000 *l.*?—The Company ceased to export from the date of the letter I have read. Since the year 1826–27, the Company appear to be exporters, but it was entirely military and territorial; there was nothing sent for sale; the woollens may not have been entered out at the Custom-house as military stores, and consequently classed as commercial; but this is merely a conjecture.

892. How do you account for the falling off there has been in the value of the export trade to China carried on by the Company?—In the reduced rate at which the goods have lately been and now are bought, every thing is provided at a very reduced price compared with what it used to be. In the papers presented to the House of Commons by His Majesty's command, ordered to be printed the 4th of June 1829, is a statement of the prices of several descriptions of goods in the year 1814, and in that year.

893. Has there been much depreciation in the price of woollens in this country from 1809 to the present time, and what do you estimate the amount of that depreciation per cent.?—It is manifest, and of daily experience, that they are much cheaper, but I cannot speak to the precise amount.

894. Is it not your duty to provide those goods for the Company?—Yes.

895. Cannot you state the extent of depreciation since 1809?—The superfine broad cloth is now at one-half the price it was 15 or 16 years ago.

896. It appears by a statement laid before Parliament, that the number of pieces of broad cloth imported by the East-India Company into Canton in 1809–10 was 7,888 pieces; that in 1825–26 and 1826–27, it amounted to nearly 20,000 pieces, while in 1829–30 it was but 15,565; can you state the quantity exported in the last year, or account for the great fluctuations exhibited in the statement in question?—The exports to China have been governed by the demands from the Company's servants there generally.

897. Can you state what has occasioned the fluctuation in their demands?—I can. In the year 1827–28 there appears to have been a loss to a large amount upon woollens; in the year 1828–29 there was a profit: in the year 1829–30 there was a greater profit; and in the year 1830–31 there was a still greater profit, in consequence of which the Company have increased the quantity of broad cloth.

898. Are you able to give any other reason for the fluctuations which have happened?—I am not aware of any other; the custom is for the Company's servants in China annually to send a paper of their requirements for the next season, which is the guide; the Company generally exceed it.

899. You are unable to state what were those circumstances in the market of Canton which led to those fluctuations in the export of that article?—I can account for the quantity of broad cloth being increased by its selling at a very good profit.

900. You have no further explanation to give upon that head?—I have not.

901. It appears from the statement above alluded to, that the quantity of long ells imported into Canton by the East-India Company in 1810–11 was 220,000 pieces; that in the intervening 19 years, between that and 1829–30, the quantity gradually diminished, and in the latter year it amounted to only 120,000 pieces; can you account for the decline in this article?—From the great loss upon them.

902. What

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*William Simons,
Esq.*

902. What was the occasion of that loss?—A reduction of the price in China.

903. How do you account for the reduction of that price?—I am not able to account for it, except that the market took a very adverse turn. I do not think that long ells are taken out by the private merchants; not to any great extent certainly.

904. Are you able to account for the reduction of price which took place in this article in the market of Canton?—I am not.

905. It appears that between the same periods the importation into Canton of camlets by the East-India Company declined from 21,770 pieces to 12,023 pieces; can you account for this decline?—The great loss upon camlets, and the supply being understood to be introduced illicitly by the Americans; a matter which is as little to be doubted as anything which is taken on opinion and trust can be. The Canton market is chiefly supplied with camlets which are introduced surreptitiously. The duty on camlets is 18 dollars a piece; the selling price, without the duty, now is 22 dollars.

906. It appears upon the same statement, that between 1809–10 and 1829–30, the total number of pieces of different kinds of woollens fell from 262,171 pieces to 147,600 pieces; can you state the cause of this decline?—A piece of long ells is of small value compared with superfine broad cloth; the number of the pieces is not, therefore, very material to the inquiry. There might be a diminution of several thousand pieces, but it does not necessarily follow that the value of the woollens had fallen in that amount. The Company continued during very many years to export long ells to China, knowing they would be attended with losses; the Company considered that the manufacturers in the west of England who made those long ells had no other trade, and that China was the only market, or nearly so, for such goods; so that the manufacture depended entirely on the Company.

907. It was carried on to support the trade in the west?—Yes; it was computed that the Company's long ells consumed the fleeces of upwards of a million of sheep, and gave employment to some thousands of people in Devonshire and Cornwall, who had no other trade.

908. What led the Company to have so much regard for the trade in the west; were there any peculiar circumstances?—I do not know of any other circumstances than those I have stated; I cannot say further why the Company persevered, year after year, at a great loss, in selling those long ells in China.

909. It appears by the statement laid before Parliament, that in the year ending in 1813–14, the declared value of all goods exported to China by the East-India Company, exclusive of stores, averaged a million per annum, whereas in the four years ending in 1828–29, it averaged somewhat less than 300,000*l.*, can you state the reason of this falling off in the value of the export of British manufactures to China?—I attribute the diminution of value to the reduction in the cost of the articles.

910. How do you reconcile that statement with the reduction in quantity which appears to have taken place in the exports?—The quantity of long ells in the first year was great; the calculation of the number of pieces, I have before taken the liberty to observe, is not a very important feature in the case; a long ell was formerly worth 3*l.*, and at that time a broad cloth was worth 25*l.*

911. Are

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911. Are there not considerable quantities of British manufactures exported direct from this country to China by the Americans, and indirect from the British ports in India by British subjects?—That there are large quantities of British manufactures exported direct from this country to China by the Americans, there is no possible room to doubt; that British manufactures are taken from India to China, I have no knowledge.

Lunæ, 12^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

WILLIAM SIMONS, Esq. called in and further examined.

912. WHERE have the Company been in the habit of having their cloths dyed which they export to China?—The broad cloths until lately have been dyed in London; the long ells are still dyed in London.

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913. Until how late were the broad cloths dyed in London?—Within these three or four years; the dyeing of the broad cloths in London was discontinued by degrees; it is now totally discontinued.

914. Camlets?—Camlets are dyed at Norwich; the Company buy camlets in a dyed and finished state.

915. When did the dyeing broad cloths in London cease?—It ceased entirely in 1830, except a small quantity of goods which were in store in London.

916. Has it totally ceased?—It has totally ceased.

917. Are there any goods of any kind now dyed in London?—The long ells are still dyed in London, as before stated.

918. Why are the long ells dyed in London?—Because no dyers in the west of England have offered to dye them; if offers had been made they would have been considered.

919. What are the principal colours of which the long ells are dyed?—The principal colours are scarlet, purple, black, and blue.

920. Has the dyeing been executed by advertisement, or in what manner have the contracts been taken for dyeing long ells?—Lately by competition, under printed circular letters.

921. What do you mean by lately?—Within the last two years.

922. In what manner were the contracts made before?—The dyeing before was conducted by all the principal dyers of woollens in London; the work was divided into 36 shares. The dyers were employed as regular tradesmen to the Company; one dyer had three shares, another two, and another one share, as they had obtained appointments from the committee of Buying, upon application when vacancies occurred; it was no doubt considered a favour to be appointed a Company's dyer.

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P

The

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Esq*

The prices were fixed annually alike for them all; but some of the dyers who had several shares were subject to a deduction.

923. For the same colour the same price was charged?—Yes.

924. Was it a matter of patronage among the Directors?—Not individual patronage; the committee at large.

925. What was the meaning of shares?—The dyeing was divided into 36 shares; the pressing was in 36 shares; it was a convenient way of allotting out the work and keeping the accounts.

926. Was it not handed down from father to son, and considered a good business, and that the having a share was worth so much a year?—I believe it was a very good business; they had fair prices for what they did; there was an understood scale of prices, depending upon the prices of dyers' wares; cochineal and indigo being so much a pound, and madders and dyeing woods at such and such prices. the dyeing a cloth was worth so much money. The price of drugs was ascertained every year; and looking at that and the state of the markets, such prices as were thought fair were paid to the dyers.

927. Was one of those shares ever given to a person not a dyer?—I do not recollect such a thing; it was a standing order that no person should hold a share of the Company's dyeing who had not a dye-house; shares were continued to them perhaps when they were not engaged personally as dyers, but they were partners in the house.

928. Do you think that ever, as a matter of patronage, one of these shares was given to a person not a dyer, who afterwards got the work executed by a dyer, and put a considerable premium into his pocket?—I am not aware of such a circumstance; the standing order would have prevented it.

929. Did you ever hear of such a thing taking place?—I never heard of it.

930. The distribution of the shares was left to the individual Directors, was it not?—No; the proportion of the work went on from year to year, according to their first appointment.

931. How did they distribute the dyeing; in what manner did they do it?—I before stated that it was divided into 36 shares; this was the practice before I came to the India House, and so it continued afterwards. Those who had shares continued to have them as long as they remained in business; and when a vacancy of a share occurred, all the dyers in London made friends, and begged to be employed.

932. These shares were handed down from father to son, so long as the house continued?—Generally, but not as a matter of course; because, when a man died, his son did not succeed him unless he was appointed in his own person; if the father died, the son was not necessarily continued in the Company's business.

933. Do you not believe that the dyeing cloth could have been executed more cheaply in the country than in London?—At that time I apprehend it could not have been conveniently done in the country at all. It was the custom of the Company to buy the broad cloths from the makers in the rough state.

934. I think you said this dyeing applied to long ells, not broad cloths?—I am speaking of the former practice, which applied to both kinds. I do not think the long ells could be dyed in the west of England. There was a dyer or two at Exeter, but no one applied to participate in the work.

935. Could

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935. Could you give the prices at which the long ells have been dyed in London?—Certainly.

936. And the number of pieces dyed in each year, with the colours?—Yes

937. While it was done by distributing it to the different houses, was any inquiry made how much higher or lower it could have been done by open tender?—No; the business went on from year to year by agreement, fixing the price with the dyer, some of the shares being subject to an abatement below the general price.

938. Can you state what is the value of the cargoes exported by the Americans from this country to China?—There is already printed, in the Parliamentary Papers, the value of the American trade at China, exports and imports, as drawn up at Canton; but I apprehend there would be a difficulty in obtaining an account of the exports from this country, for I suppose the American ships are not always entered out to China direct.

939. Have you any new papers to hand in, or do you refer to papers already before previous Committees?—To papers before previous Committees the papers ordered to be printed on the 11th October 1831, p. 661,* Ac. 27; also papers presented by command of His Majesty, in June, and ordered to be printed on the 4th June 1829, Nos. 25, 26 & 27, pp. 40 to 43†, and there may be more.

* First Appendix to
Third Report
Page 165.

† Appendix to the
Lords' Report of
1830 Page 1210
et seq.

940. You have no knowledge on the subject?—I only know it from the papers.

941. As the buying department, both for India and China, belongs to your office, do you make a point of examining what the export articles are on board of American ships to China, in order that, on the purchases made, you may save the cargo from the demand existing in China, and ascertained in this manner?—The provision for China is made upon an annual requirement from the Company's servants at Canton, which governs the Company as to the minimum, but they generally exceed it. A statement has been printed by the House of Lords, which shows the quantity demanded at China of the respective articles of commerce, and the quantity sent

942. You had better refer to the paper?—It is No. 98, printed by the House of Peers, up to the year 1829–30; and there is now an order of the Peers to continue the account up to the latest period.

943. Has much alteration taken place of late in the articles exported to the China market, or do they continue to be much the same as they were some years ago?—The leading articles are the same, that is to say, the broad cloth and long ells, which are the principal, but the Company have exported British calicoes, cotton twist, and a variety of other articles.

944. Was not there a bargain between the India Company formerly, and the miners in Cornwall, that the Company should export a certain quantity of Cornish tin to China; and when did that bargain cease, if there was one?—There was an agreement that the Company should take so much tin of the agents for the county of Cornwall, at a certain price, I do not remember the exact price; but that arrangement ended with the charter of 1793, and there has been no agreement with the county of Cornwall since; they have a better market. If you please to look to the foot of the paper laid before the House of Lords, a memorandum will be found relating to tin.

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945. Of

12 March 1832.

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945. Of late years there has been no Cornish tin exported to China?—None at all by the Company; tin is imported into Europe largely from the eastern parts of India.

946. When did the Company's export trade in tin cease?—It was discontinued with the export season of 1816–17; but three years afterwards some was taken by the Company to China. It finally ceased in 1821–22.

947. Was there any export of tin from this country before that?—It commenced in the year 1788.

948. Are you able to show whether it was a losing or a gaining concern?—Some years it was a losing, and in some years a gaining concern.

949. It was permanently profitable until a given year?—Many years it was attended with a loss, many years with a profit; upon the whole it was unprofitable. I have a view of it from 1793.

950. Is the paper you are referring to, printed any where?—This paper was made out by order of Mr. Villiers, who desired to see a continuation of the account of the China trade presented to the Lords' Committee on Foreign Trade in 1821.

951. What is the paper?—An account of the profit and loss of the East-India Company on woollens, metals, British calicoes, and miscellaneous articles, sent to China, from the season 1793–94.

952. Did you bring this here intending to put it in?—I made it out at Mr. Villiers's request; but if regularly presented to this Committee, it should be authenticated by the Company's Accountant.

953. Has the India Company of late exported cotton twist to China?—Yes.

954. What has been the quantity, in the last year of which you have an account, that the Company has exported?—The Company exported some cotton twist about 10 or 12 years ago; it was in the year 1820–21. It then ceased until 1827–28, when the Company sent out 90,000 lbs. weight; in 1828–29 they sent out 300,000 lbs.; in 1829–30 they sent out 300,000 lbs.; in 1830–31 they sent out 480,000 lbs.; in the present year the committee were proceeding to send out 480,000 lbs., and had bought 240,000 lbs. in part, but information was received from China, dated 2d April 1831, in which the Company's servants say, "In two districts in the immediate vicinity of Canton, and in another about 20 miles distant from it, very serious commotions have taken place among the natives at the introduction of cotton yarn. They loudly complain that it has deprived their women and children, who had previously been employed in the spinning of thread, of the means of subsistence; they have resolved not to employ the cotton yarn in their looms, and have expressed their determination to burn any of it which may be brought to their villages. These districts are very populous, and the people, as is so generally the case in China, industrious. While this is a proof of the triumph of English machinery, it is at the same time an indication that its success is calculated to create the same sensation of discontent among the working classes here as in other manufacturing countries. We do not learn that the officers of Government have as yet taken any notice of these disturbances; should they endeavour, by high or prohibitory duties, to check the importation of cotton yarn, we believe that it would only be followed by a further extension of the smuggling trade."

955. At

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955. At what price was it offered for sale in the Canton market?—By bargaining with the Hong merchants for the most they could obtain for it.

956. What was the most they could obtain for it?—Their usual way of dealing in Canton is, not to put a separate price for each number of twist; they buy it at one average price.

957. You can state what was the quantity of each number sold, and what was the average price received since the year 1827–28, and you had better give the prices for each year?—It is bought here by the pound, and sold there by the pecul; of the *numbers* of the twist, 20, 50 or 80, one may cost three times as much as another in England, but in China it would all be sold at one and the same price.

958. Can you give the quantity of each number sold, and the price received?—There will be no difficulty in that, if required by this Committee; but the result of the sales is known for three seasons, which shall be prepared.

959. Do you know whether any considerable quantity of cotton twist has been exported by private traders, either Americans, direct from this country, or the British, after exporting it first to India?—I cannot answer that question. There is reason to believe that the first parcel of twist the Company sent to China, the 90,000 lbs., after the Hong merchants had bought it of the Company, was not consumed in China, but was sold to the Indian traders, who took it to Calcutta, and it has been said that it ultimately came back to England.

960. Has that which was exported since 1827–28 yielded a profit or a loss?—The first consignment of 90,000 lbs. was chiefly fine twist, and was sold at a great loss; the subsequent consignments were of lower numbers, and sold at a profit.

961. Is it believed that this commotion will have the effect of preventing the sale of it in China, or is it believed it will form an extensive article of export?—In the letter the Company has received from China, dated 17th October 1831, it is stated that, in consequence of a fraud being detected in the manufacture of coarse satins for the Indian market, by using twist of the high numbers instead of silk, it had become unsaleable at Canton, and had been transhipped to Singapore and elsewhere.

962. Did the arrival of the letter, of the 2d April 1831, you have read, from Canton, stating the opposition to receive the cotton twist, induce the Court of Directors to stop the export they had prepared?—It certainly prevented the Company from sending the second 240,000 lbs.: they had bought half the quantity when the information came, and then saw it expedient to pause for the present season.

963. The Chinese did not carry their threat into execution of stopping the sale of it?—I believe not.

964. Did the Chinese government, as well as the people, in any way endeavour to resist the importation of cotton twist into China?—There is no information upon that point before the Court.

965. Can a statement be furnished of the profit or loss which the India Company derived on their export to Canton of woollens, metals, or other British manufactures, for the last 10 years, without estimating in such an account the profit or loss in reference to the tea investments?—The mode of dealing is, that everything is sold for its actual worth in the market, and therefore the profit or loss can be readily shown on any article.

966. Are

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966. Are you prepared with such an account?—I have the account before mentioned, which has been prepared by direction of Mr. Villiers, part of which has been laid before Parliament in the Lords' Report of 1821.

967. Is yours a correct account?—I trust it is; but still it may not be exactly right. All accounts are best made out by the Accountant.

968. In what manner is the value of the tale computed?—At 6*s.* 8*d.*

969. Are you aware that there was a statement laid before the Committee on Foreign Trade in 1820–21, of the profit and loss on woollens and metals for a period of 26 years, from which it appeared that there was a profit only on three or four articles, and a loss on all the rest, which loss amounted to between 60,000*l.* and 70,000*l.*?—This Account, in p. 151 of the Lords' Report of 1820–21, is for 26 years, ending 1818–19.

970. Are you aware of the result which the former account exhibited?—Yes, it is here. The net loss in the 26 years is stated to have been 1,668,103*l.* sterling.

971. Are you aware that the export trade has been carried on more profitably since 1820–21 than it was previously?—Very much so.

972. What has been the aggregate profit or loss in the period since 1820–21?—It is stated in the paper which has been referred to.

973. There is each year stated, but no aggregate?—Yes; but it would perhaps be inconvenient to add it up at the present time.

974. Is anything allowed in this account for the charges on trade for the expenses of the establishments in China?—I think not.

975. Has the Company relinquished, during the last few years, the import trade from Canton of all articles excepting tea?—The Company formerly imported China raw silk and nankeens, but they have discontinued it.

976. What has been their motive in discontinuing all the export trade from China, excepting tea?—They became losing articles, and the Company discontinued them. The Court say: "19th April 1822. The stock of nankeens now in our warehouses belonging to the Company and private merchants exceeds 765,000 pieces; the loss at our late sales has amounted to 21 per cent. on the prime cost and charges; and there is no prospect of a more favourable market. Under these circumstances we have not deemed it proper to transmit an indent for nankeens on the present occasion, and direct that, till further orders, you do not enter into engagements for an investment of that description of goods."

977. Since that time have the Company imported any nankeens from Canton?—None.

978. Is it not a fact that large quantities of nankeens have been imported from Singapore?—Immense quantities from Singapore and other places to the eastward.

979. That destroyed the trade with China?—I think it had scarcely began at that time.

980. When did the import of nankeens from Singapore commence?—I cannot immediately answer that question.

981. Did any import of nankeens take place through any other channel than by the direct trade of the Company from China before 1822?—There could be no importation direct from China, except on the Company's ships.

982. Did

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982. Did not the commanders import nankeens?—Yes, they were privileged; the Act 1 & 2 Geo. IV, permitted the importation of China goods from all places, tea excepted.

983. My question applied to other articles?—9th April 1824, the Court of Directors say: “The price at which your purchases of China raw silk were effected, exceeds that at which the commodity has been vendible at our sales in the year 1828. Adverting to this circumstance, and also to the great stock now accumulated together in our warehouses, and to the large private imports which will probably take place in the course of the present year, we are led to regard it to be inexpedient that any China silk should be provided on our account in your season 1824–25; you will therefore abstain from entering into any arrangement for a supply of that article until you shall receive further directions from us upon the subject.”

984. Since that period has any China silk been imported?—Not by the Company.

985. Have not large importations taken place on private account?—Very large.

986. Did not the price of China silk rise last year?—I think not.

987. The Company at present only imports tea; neither nankeens nor silk. Are you aware that the market of Europe has been less adequately supplied with those other articles the Company used to import, since the period when they ceased to deal in them?—It is matter of public notoriety that the market has been doubly supplied with nankeens, and very fully with raw silk.

988. Have you any grounds on which you can state whether the trade carried on in those articles by private individuals has been a losing or a gaining concern?—This is matter of opinion, but I should say a decidedly losing concern.

989. Do you know that from any examination of accounts?—No, from general information. The goods are sold at the Company's sales, and of course we know the prices they obtain.

990. Do you know, and can you state, what is the annual amount of goods sold on private account at the Company's sales?—That could be shown by the Accountant, but I apprehend the Committee could not form any conclusion from it as to the extent of the trade; large quantities of goods are cleared by valuation, and large quantities do not come into the Company's warehouses; some are imported into Liverpool, Glasgow, &c.

991. Can you state whether the price of China raw silk in 1814 was 21s., and whether the price in 1822 has not been as low as 13s. 6d.?—The price in 1822 was as low as 13s. 6d.; what it was in 1814 I cannot say without reference.

992. Have the prices of camphor and cassia fallen in the market of Europe since the Company ceased to deal in them?—The Company never dealt in camphor or cassia.

993. Has the importation of camphor and cassia from China been considerable of late years?—The Company's warehouses contain much of both articles.

994. Do you know whether the price of camphor and cassia has fallen very much of late?—As far as general knowledge goes, I can say that they have, the alarm of late had raised the price of camphor a few pounds, but it has gone down again.

995. It

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* First Appendix to
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Page 166.

† Ditto. Page 180

995. It appears that in 1813-14 the value of imports into Canton was 5,646,000 dollars, and the value in 1830-31 was 4,007,046 dollars, which was a falling off in the imports of 1,600,000 dollars; what account can you give of this falling off in the amount of the exports to China?—The Company's exports to China have increased in quantity (except the long ells and camlets) and diminished in cost.

996. Is that borne out by matter of fact, that the quantity of exports remains the same as before?—In 1813-14 the accounts of long ells was much larger than they are now; the quantity of broad cloth was much smaller than it is now; the camlets were larger; on the whole, everything has been bought at such a reduced price, that although the quantity has increased, the cost of them has diminished.

997. Are you aware that in 1813-14 the private trade was 6,035,128 dollars, and that in 1829-30 it was 18,447,147 dollars, showing an increase of 200 per cent; can you account for this large increase of private export at the time that the export of the Company has diminished?—That is what I am unable to speak to further than is stated in the Second Report of the House of Commons, ordered to be printed 11th October 1831, p. 662*; but I apprehend the imports of opium must be included in the statement of the Indian trade.

998. Would this large increase in the export trade from India to China have taken place, if the Company's monopoly in opium had not been broken in upon by the import into China of the Malwa and Turkey opium?—I am not able to speak to this.

999. What are the sole articles that the Company now import from India or China?—The sole article the Company now import from China is tea; from India they import raw silk and saltpetre made at their own factories, and indigo, which is bought in Calcutta: some silk piece-goods are still imported by the Company; sugar has been lately discontinued.

1000. Are the silk goods manufactured by themselves?—The commercial resident at Cossimbazar issues advances to the head weavers, under contracts for bandannoes to be delivered in return.

1001. Since when has the import of sugar been discontinued?—Orders are now on their way to India to discontinue it.

1002. In what manner is the sugar imported by the Company obtained?—The Company have a factory at Benares, with some established servants, who employ agents to go about the country and buy sugar from petty manufacturers.

1003. The Company purchases it after it has been refined?—Yes.

1004. Can you state what was the total amount of Indian imports by the Company on an average of the last three years, omitting China?—I have it not here; it can be furnished, if ordered by this Committee.

1005. And what is the amount of the articles imported by the India Company during the last three years, prepared by themselves, which should include the raw silk and the saltpetre only?—That account can be furnished if ordered.

1006. What are the total annual charges of the Company in India, as respects offices and establishments in India?—Returns of the commercial offices at Bengal will be seen in p. 672 † of the Second Report of the House of Commons of 1831; the commercial establishments at Madras are abolished; at Bombay there is one factory for the provision of cotton to be exported to China.

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1007. Do you know what per-centage the commercial charges in India, so far as regards offices and establishments, forms on the whole amount of the articles imported from India?—I cannot readily show this; the whole of the commercial charges are included in the invoices of the goods.

1008. Can you state what is the estimated value of all the commercial buildings in India?—The value of the buildings in Bengal, as relates to the silk factories, is in Appendix 25, p. 659.*

1009. In estimating the cost of the silk, is any per-centage allowed on the capital expended in the silk factories?—Yes, but this is a modern practice.

1010. To how late a period has the account of commercial charges been made up?—Up to 1827; but last year a further reduction was made.

1011. Does there exist at the India House the materials for stating what is the value put by the Company on all their commercial buildings in India?—The Auditor could state that.

1012. You are not able to state it yourself?—No; the value of the filatures will be found in p. 659 † of the Second Report.

† Ditto. Page 162.

1013. The question was whether, in estimating the invoice price of the silk, an allowance had been made for interest on the capital invested?—It is not made; a charge for wear and tear of buildings is made.

1014. Since when has it been allowed?—For the last two or three years.

1015. What do you mean by “suspense charges”?—A portion of the charge for commercial servants.

1016. In the Account, p. 658 ‡, there is no allowance on the capital?—There is not. ‡ Ditto. Page 161.

1017. You said you could refer to an account where the estimate on the capital has been included?—I can refer to an account of the number and value of the filatures, but the general statement I cannot furnish.

1018. Have you any account in which the interest on the capital has been added in making up the invoice price?—I believe not.

1019. Had you anything to do with the making up this Account (p. 658)?—No.

1020. Do you not think that in making up such an account, in order to have it correct, an allowance should be made for the interest on the capital?—That is matter of opinion.

1021. What is your opinion?—It is part of the cost of the silk, I should say, certainly.

1022. Is it your business to ascertain, or can you state, what is the amount of all the outstanding commercial balances in India, by the last advices?—That is the business of the Accountant; I beg leave to refer to p. 579 § of the Second Report of 1831. § Ditto. Page 41.

1023. Can you state what is the amount of commercial debts in India struck off as irrecoverable since the commencement of the present charter, and whether there are any means at the India House of making such a return?—I cannot furnish it; but it can be made up by the officers at the India House.

1024. Does the Company possess any advantage over the private merchant in making purchases of indigo in India?—The way in which indigo is purchased is by public notification or advertisement that the Company are desirous to buy indigo.

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1025. What

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1025. What is the form of the notification?—The manner in which the Company formerly provided indigo, and the circumstances respecting it are stated in the papers annexed to the Fourth Report of the Select Committee of the House of Commons on the Affairs of the East-India Company in 1812, pp. 115, 119, and 224. The present mode of provision is as follows: the Court of Directors, in the month of June yearly, cause orders to be transmitted to the Governor-General in Council, signifying their view of the quantity of indigo which may be provided in the succeeding Indian season, and the prices which may be paid for it. The annual arrivals of Indigo in Calcutta from the interior commence about the end of October; and an advertisement is then published in the public newspapers, signifying that the board of trade are ready to receive sealed proposals, accompanied with musters, from such persons as are desirous of selling indigo to the Company. These tenders are considered by the board of trade, and those which appear most advantageous in price and quality are accepted. This course of practice is continued from day to day, through the months of November, December, and January, or until the desired quantity of indigo is procured.

1026. When did the Company commence making remittances from the territorial revenue of India to England by means of indigo?—I am not aware that they ever did so.

1027. When did the Company commence making large remittances to this country in indigo?—In the year 1819–20; the Committee will find the remittance by indigo on the Minutes of Evidence of 11 October 1831, p. 655.*

* First Appendix
to Third Report
Page 156.

1028. Has any disadvantage arisen to the commercial interests of persons in India from the public revenue being annually invested in the purchase of a single article, to an extent varying from 300,000 *l.* to 700,000 *l.* a year?—The variation in the amount can only be judged of by seeing the orders which were issued at the time; the necessity of remittance of funds to England caused the Court to vary their orders.

1029. Are you aware that the amount to which the investment has been made in indigo, has caused extraordinary rise and fall in the price?—No. I think the Company had liberty to purchase indigo the same as any other house of trade; they had occasion to transmit funds to London, and they did so through indigo as the most convenient mode of doing it.

1030. Has there not been a heavy loss sustained in consequence of the East-India Company making their remittances in indigo during the last four years, and what has been the amount of such loss?—The remittance of indigo has lately been a loss to the Company and to everybody else who engaged in it, but the necessity to provide some remittance was urgent, and indigo appeared the most suitable.

1031. Considering the expensive establishments of the Company, and the high freight which they pay, what advantages do you think they possess over the private merchant, in making their remittances in merchandize, as far as indigo is concerned, instead of in money or bills of exchange?—As far as relates to purchasing, the Committee have the result before them; indigo and other goods have lately been hypothecated to the Company by private persons, who give bills of exchange upon London in repayment.

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1032. Do you think that the Company, in consequence of paying high freights, and having establishments more expensive than individuals, make their remittances in indigo more disadvantageously than private merchants would make such remittances in indigo?—I should think they are both much the same.

1033. Are you not aware that they pay higher freights than private merchants do?—In the regular Company's ships it is dearer; but the Court are in the practice of hiring ships for a voyage only.

1034. For the last three years has the average rate of freight paid by the Company been more or less than the common rate of freight?—In the Company's ships chartered for six voyages, as before observed, it is dearer; in ships hired for one voyage, it is neither more or less than a private person would pay.

1035. Have the actual freights paid by the Company for indigo, for the last three years, been higher or lower than private merchants sending indigo from India to England would have paid?—They must have been higher in proportion as the indigo was shipped in the regular ships.

1036. If the Company have paid higher freights than individuals would have paid, to that extent have they not remitted to England, by means of indigo, more disadvantageously than private merchants would have done?—It would seem to have that consequence; but the system of ships was forced on the Company by law, they were compelled to take up their ships in that way.

1037. Have you stated what is the total loss on the remittances on indigo during the last four years?—Please to see p. 656* of the Second Report.

1038. From 1819 up to the present time, what has been the average remittance per sicca rupee made in indigo?—It is stated in the printed papers to be 1*s.* 11 $\frac{1}{2}$ *d.* and rather better.

1039. It appears that the difference between the current rate of exchange of 1*s.* 11.1886 *d.* the sicca rupee, and the remittance by indigo of 1*s.* 11.5814 *d.*, has been 39-hundredths of a penny per sicca rupee; do you think it was worth the Company's while to carry on the indigo trade at so very small an advantage?—Under the circumstances, I should apprehend indigo was preferable, even if it afforded no advantage over bills.

1040. But supposing the statement to be correct, that the current rate of exchange of the sicca rupee is 1*s.* 11 *d.* and 58-hundredths, being the remittance by indigo, the difference between the two being only 39-hundredths of a penny per sicca rupee, do you think it was worth the Company's while to carry on the indigo trade at so very small an advantage?—I beg to refer to my last answer; it will be seen in the account, however, that purchased indigo has afforded a very good remittance to the Company.

1041. Do you think it was worth the while of the Company to carry on the indigo trade in preference to another means of remittance?—Not if a more profitable means could be devised.

1042. It appears that during the last four years, if the Company had made their remittances by bills of exchange, instead of indigo, they would have saved 291,455*l.*; is that not so?—I should humbly presume that the account must be taken in its whole extent.

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1043. Do you conceive that if this Government had to make large remittances to the Continent for the pay of armies or making subsidies, it could do so more advantageously, by sending cotton or broad cloth, than it could by remitting bullion or by making the remittances through bills of exchange?—Most probably, by either bullion or bills of exchange; but I do not find myself competent to reason upon this point.

1044. Then why should the Company turn merchant, in order to make remittances, when the Government of this country does not find it worth its while to turn exporter of merchandize for the purpose of making remittances?—It is not in my immediate department to speak to this; but the Company, at the same time as they have been purchasing indigo by paying for it in Calcutta, have also been taking bills of exchange on London, to any amount they could obtain.

1045. Inasmuch as they turned merchants of indigo, did they not to that extent prevent private merchants from sending indigo; and would not bills of exchange have been drawn on London for the indigo by the private merchants, if the Company had not interfered in the indigo trade?—The indigo would probably have been sent to London by the private merchants; but would the Company have benefited thereby?

1046. Would not bills of exchange have been drawn for the indigo so sent by private merchants to this country?—The Company had offered to do so, as appears by their letter to Bengal of 3d June 1829. They say, “To one of the modes of drawing supplies to our home treasury, which was noticed in our letter of September 1813, we have not hitherto resorted. We allude to the measure of our Indian government making advances to individuals upon the security of goods and merchandize to be consigned to our care and management. We are desirous that this measure should be tried, and we therefore authorize you to give public notice that your government will make advances upon security of this description. We think you should limit the advance to two-thirds of the value of each consignment, such value to be ascertained by your officers upon actual inspection of the merchandize to be shipped. The parties to whom advances may be made must agree that the consignment be landed at the East-India Docks, that it be delivered into our warehouses, and be subject to our management. For the repayment of the advance you will require bills of exchange, to be drawn in triplicate at six months’ sight. Should the consignees require the delivery of the goods without passing the Company’s sales, before the bills become due, the advance must be paid previously to such delivery, and we will allow interest at four per cent. per annum for the time the bills have to run. As a further security, the parties should be required to place bills of lading in triplicate, and the policies of insurance, in the hands of the officers of government; two of the bills of lading you will transmit to us, the policies of insurance you will retain until advice from us has been received of the due discharge of the amount advanced. With respect to the rate of exchange at which the advance is to be repaid, you will of course use your endeavours to obtain as favourable a rate as the state of trade and the money market shall authorize; but we desire you will not make any advances at a lower rate than 1*s.* 11*d.*, (one shilling and eleven pence) per sicca rupee.” This measure has not however succeeded; the whole amount of bills on London obtained at

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1s. 11d. per sicca rupee, not having been more than about 400,000*l.* in the course of 24 months.

1047. In the return made to the Committee of profit and loss in the Company's investment of indigo, ought not the interest to have entered into the computation, at least for such period as the indigo remains unsold beyond the usual period at which bills drawn in England are payable; and in a merchant's account would not interest have been allowed for the whole period?—I should think not, as the rate of exchange allows for the interest.

1048. If a merchant was to make up his account at what rate he made a remittance of indigo from India, must he not have made interest enter into such computation to obtain a correct account, particularly if he was trading with a borrowed capital, and himself paying interest on the capital so advanced?—We presume that is not the case with the Company's capital.

1049. If he was trading with a borrowed capital, and paying interest on that capital, must he not make a computation of the interest enter into the account from the time the advances were made?—He probably might do so.

1050. If interest has not been allowed in making up the indigo account, explain on what principle it is that interest has not entered into the computation?—I apprehend it is a comparison of taking bills, or of purchasing the indigo. In the former years of the account it was in favour of the purchaser. In either case the money is advanced from the Company's treasury in Calcutta, at the same time equally realizable in London; and therefore I conceive, if interest should be charged on the indigo, it should be charged on the bills also.

1051. The question is, whether interest ought not to be allowed for such period as the indigo remains unsold beyond the usual period at which bills drawn from India or England would be payable; in calculating the profit and loss, would not that be the correct mode of making the computation?—It probably would.

1052. Has the computation been made in that way?—It has not.

1053. Has the indigo remained unsold at a later period than bills drawn in the ordinary manner from India upon England would have become payable?—In the present state of the market I should think the bills would have been realized before the indigo was sold.

1054. How much later on the average would the indigo have been realized than the bills would become payable?—I cannot answer that question.

1055. Can such an account be made up?—I should think so.

1056. There being at present no export of British merchandize to India, and no export of bullion to India, are there any other funds than the territorial revenues of the State employed in procuring the Company's investment of silk in India?—I apprehend that all the Company's investments are provided from their commercial funds, and that it admits of no other mode of stating it.

1057. Are not advances made out of the territorial revenue in India in making investments in silk?—I apprehend not. I do not understand it so, according to the best view I can take of the subject.

1058. Then explain why you think they are not?—The Company advances money from their treasury in London on account of the territorial branch of their affairs, for which they have credit in India; and as the territorial branch of the Company's
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affairs is greatly indebted to the commercial branch, what is issued by the governments in India to buy raw silk and indigo is, *pro tanto*, a repayment in London for the amount which the territory owes to the commerce. I am not able to look at it in any other view. I think the Accountant would be more able to answer the question than I am; but so long as the commercial branch of the Company's affairs is the creditor of the territorial branch, it cannot be said the investment is provided by the territorial revenues.

1059. Is not the principal motive for the Company making investments in silk, and are not the commercial establishments connected with silk maintained for the purpose of enabling the Company to remit the territorial revenue to England?—They are maintained as a medium by which the remittance of the amount due from territory to commerce may be in part effected. The Company export nothing to India in the way of merchandize, and they bring no merchandize from India, with reference to profit and loss; but the raw silk does not realize in London as much silver as it had cost in Calcutta. It is a losing concern, so far, to the commercial branch.

* First Appendix
to Third Report.
Page 158.
† Ditto. Page 161.

1060. Can you state upon what principle the column in the Account, p. 656,* of the investment of raw silk, and headed “Cost of Provision, &c.” has been made up?—I think it is explained in p. 658.†

1061. Does this column include the proportion of the general charges of the commercial establishments in India?—They are added afterwards in the same account.

1062. In which column is the proportion of the commercial establishments borne by the silk?—It is included in the factory cost.

1063. Do you know that to be the case?—Yes. It includes the whole cost of the silk, the expense of people winding it, and so on.

1064. Does it include the proportion of the expenses of the commercial establishments?—The sum total of the invoice embraces every kind of charge that attaches to the silk, except interest.

‡ Ditto. Page 162.

1065. On what principle is the item called “wear and tear” computed, and what means are possessed at the India House of checking such computation, considering that it is stated in a Report of 1831, p. 659,‡ that no account of the buildings at the several silk factories has been transmitted from India?—The item was assumed upon estimate.

1066. How is it known that this statement is correct, and on what principle is it that the account has been computed?—In consequence of notice being taken that these charges were not added, the Court (28 November 1827) ordered that a per-centage be added on account of fixed capital invested in commercial buildings, and also for irrecoverable debts.

1067. Then the column headed “wear and tear” is a computation not founded on the actual ascertained wear and tear of the buildings in question?—Not on the actual ascertained wear and tear; an estimate only.

§ Ditto. Page 158.

1068. In the Account, at p. 656,§ of the annual investment of raw silk, from 1814 to 1829, there is no allowance for interest; ought not the interest to be collected from the time the advances were made until the profits of the silk are realized in England, or at any rate until the period of its being shipped at Calcutta?—I can only say it is not the custom to do so.

1069. Can

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1069. Can it furnish a correct view of the subject, unless such computation is included in the account?—For the purposes intended I presume it does.

1070. Supposing that during the whole time interest was payable upon the advances made, would it not yield a fallacious return?—If the money was borrowed expressly for the purpose of furnishing the silk, it would have that effect; but this has now become simply a medium of remittance, and the best way you devise to place money in the Company's treasury in London.

1071. Is any allowance made in the accounts furnished for irrecoverable balances to the growers of the mulberry, or to the feeders of the worms, or for similar advances made to any other party?—These outstanding balances are contemplated in the order of November 1827.

1072. Do these accounts include balances advanced to the growers of the mulberry and the feeders of the silkworm?—The Company do not deal immediately with the growers of the mulberry, nor with the feeders of the worms. The agent who comes in immediate contact with the Company is a middle-man, called a pykar, to whom advances of cash are made by the commercial resident, which the pykar circulates amongst the breeders of silkworms throughout his district. There are some exceptions to this course.

1073. Does this account include all the sums that have been so lost?—I presume it is meant to embrace them.

1074. Is it an actual account of the balance?—I can say nothing further than appears from the account itself; further explanation can probably be given.

1075. Can an account be furnished showing what the sum actually lost has been?—Accounts of outstanding balances can be shown.

1076. Does this include the losses with all the advances made on account of the pykars?—It is furnished by the Accountant.

1077. Do you believe it to be correct?—I can have no doubt it is.

1078. It is stated in the Account, p. 579,* that the balance which may have arisen from the advances made on account of provision of silk, cannot be distinguished from the advances on account of the other articles of investment provided for the several commercial residencies, and that a return of the outstanding balance of raw silk cannot be furnished; does it not appear from this statement that this account of the outstanding balances and loss must be a matter of computation?—No; the books will show what stands out at any period of time.

* First Appendix
to Third Report.
Page 41.

1079. Is that consistent with the statement at the foot of this account?—I understand the statement to mean only that the gross amount of balances cannot be apportioned to the particular goods.

1080. Does it not appear from the Account, p. 656,† that upon five years out of 16, a loss was sustained by the Company on the silk investment, amounting to 223,980 l.?—It certainly does so; but if the Committee please to look at the average number of years, the raw silk has been a very good remittance.

† Ditto. Page 158.

1081. Comparing the 10 years of the silk investment with the 10 years of the indigo investment, it appears that the remittance made by the silk was on an average of 2 s. and 8-hundredths of a penny per sicca rupee, or no more than 5-10ths of a penny above that made by the indigo; supposing that to be correct, do you consider

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consider that it is worth the while of the Company to maintain, for that small difference, the large commercial establishments it has connected with the furnishing the investment of raw silk?—I would beg to refer the Committee to what I have taken the liberty of offering upon the comparison of indigo with bills of exchange.

1082. Had interest been reckoned on the advances made, from the time of receiving them until the shipment of the silk at Calcutta, and had the actual rent, wear and tear of the buildings, entered into the computation, do you think that even the difference of one penny per rupee would have existed between the remittance in indigo and the remittance in silk?—Probably there would have been no difference.

1083. Can you state what was the cost of the Company's investment of raw silk in Calcutta in 1814 and 1815, and what it was in 1829 and 1830?—Yes.

				Maunds.			Per Maund Sicca Rupees.
1814	-	-	-	9,619	-	-	455
1815	-	-	-	6,920	-	-	424
1816	-	-	-	5,063	-	-	425
1817	-	-	-	5,011	-	-	481
1818	-	-	-	10,053	-	-	504
1819	-	-	-	7,350	-	-	532
1820	-	-	-	10,815	-	-	558
1821	-	-	-	10,950	-	-	597
1822	-	-	-	11,323	-	-	590
1823	-	-	-	11,292	-	-	591
1824	-	-	-	8,745	-	-	591
1825	-	-	-	9,282	-	-	612
1826	-	-	-	12,010	-	-	594
1827	-	-	-	12,287	-	-	611
1828	-	-	-	13,801	-	-	569
1829	-	-	-	14,970	-	-	524
1830	-	-	-	14,591	-	-	501
1831	-	-	-	13,719	-	-	486

1084. Does it not appear from this account that there has been a progressive rise in the price of raw silk from 1815 to 1830?—Yes.

1085. How do you account for that rise?—By the Company endeavouring to increase their quantity of the silk.

1086. Why should the endeavour to increase the quantity raise the price?—The supply was not equal to the demand, and the growers availed themselves of that circumstance.

1087. Has the price of Bengal raw silk in this country fallen since 1814, or otherwise?—That will be found in Account 24, p. 39*, of the papers of 4th June 1829.

* Appendix to the
Reports of the
Lords' Committee
1830. Page 1209.

1088. Have you got the sale price in 1832?—That is the current year; there was a sale in February, but it was unfavourable.

1089. What

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1089. What was the price in 1814?—It was very high; 24*s.* per pound for Company's Bengal silk.

1090. Supposing that in 1814 the price of Bengal raw silk was 16*s.* per pound, and in 1832 it was 14*s.* 1½*d.*; indigo fell during the same period from 10*s.* 9*d.* to 4*s.* 5½*d.*; pepper fell during the same period from 15½*d.* to 3½*d.*; and Bengal sugar from 50*s.* 8*d.* to 24*s.* 6*d.* Can you state the reason why a fall has not taken place in the price of Bengal silk in the same proportion as it has in all other Indian commodities?—I can only presume that silk had not kept pace in rise of price with other commodities, consequently the fall has not been so great. The consumption of silk is steadily increasing, and the East-India Company have endeavoured by all proper means to augment the quantity of Bengal raw silk, and have been successful, as also in maintaining its quality. No more silk has been produced than the market required; of other commodities there has been evidently too much.

1091. If a fall corresponding to the fall in other articles had taken place in the price of raw silk, would not the silk manufacturer in this country have been greatly benefited thereby?—I am not prepared to give an opinion.

1092. If it has benefited by the fall that has taken place, would it not have been still more so if the fall in raw silk had corresponded with that of other articles?—I beg to refer to my last answer.

1093. Would there not have been a corresponding fall in the price of silk if the Company had not interfered in the silk trade?—The trade in silk is perfectly free; if the Company declined to make silk, and gave up their factories, it is impossible for me to say whether any person would embark their capital; the Company's filatures with the machinery are probably worth 20 lacs of rupees or more, if actively employed.

1094. The Company's silk factories commenced in the year 1770, and the manufacture of indigo by Europeans in 1785; the value of the Company's raw silk in 1827 was 78,63,000 sicca rupees; the value of indigo exported from India at the same period was 3,89,78,653 sicca rupees; how do you account for this very great excess of the increase in indigo beyond the silk, considering that the Company's filatures have been much longer established in India than the manufacture of indigo has been established by private Europeans?—I consider the real manufacture of indigo in India was created by the Company, the old Indian way of making indigo was very imperfect; the Company advanced money to the indigo planters, as is recorded in the Parliamentary Papers. But what caused the great and sudden prosperity of the indigo trade in Bengal was the destruction of St. Domingo, which supplied nearly all the world with indigo previous to the French revolution; but after the revolt of the blacks, it did not produce a pound; the indigo factories were all destroyed in the very early days of the revolution.

1095. It was stated on the Committee on Foreign Trade in 1821, that at that time no improvement had taken place for a long time in the quality of Bengal silk; can you state whether any improvement has taken place since that period, and if so, have you any correct means of ascertaining to what extent that improvement has taken place?—The Company introduced into India the Italian method of winding silk, and at a great expense have maintained that kind of machinery. The silk of

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Bengal is not so strong in its nature as the silk of Italy, France, or Turkey ; and Bengal is the only country within the tropics that produces silk as an article of merchandize. I am afraid, if the Company did not continue to produce silk, the Italian method of winding it would fail, and the silk fall back to its old character.

1096. How does it happen that private individuals do not apply their skill and industry to the production of silk in India, to the same extent as they have done to the supply of indigo ?—I am not in a condition to answer that question ; but I presume the indigo was more profitable.

1097. Do you think the maintaining of these establishments by the India Company is one of the causes why individuals have not applied their skill to silk in the same manner as they have done to indigo ?—Persons have come out from England and built filatures at a considerable expense, but found it did not answer their purpose. There is no restriction.

1098. Do you know who it was who sent parties out from England for that purpose ?—I do not remember their names.

1099. Are you aware that shortly after the last renewal of the charter there were parties who wished to send out agents to superintend the filature of silk, and license was refused them ?—I know nothing of that ; persons have certainly proceeded to India, and have erected silk factories.

1100. Since when ?—I cannot speak exactly as to time.

1101. Would it not be a great advantage to the silk manufacturers in this country, and enable them to compete more successfully with foreigners than they do at present, if an improvement in silk correspondent to that in indigo was to take place ?—Many years of assiduous attention have been paid to the Bengal silk by the Company ; and further measures are at this time in progress to introduce European silkworms and mulberries.

1102. What detriment, in your opinion, would accrue to the Company if they were to relinquish their silk filatures and trade in silk, leaving their premises, and allowing other Europeans to carry on the trade, not having the India Company as a competitor with them in the same trade ?—My opinion is, first, that no man, or body of men, could be found who would take the Company's filatures at anything like what they are worth ; if they did, from what we see of private trade, I think the silk would degenerate. Mr. Durant says, in effect, that Italian silk is good, French silk is good, and Indian silk is also good, each in its way ; and Bengal is as much required as any other kind, if not more so.

1103. Does not the value of the silk establishments, according to your former evidence, principally depend on there being a means of remittance from India to England ; and if the Company was to make their remittances by bullion or bills, at a rate equally advantageous, and were also to obtain a net rent for their present silk establishment, would they not be the gainer by such a change of system ?—They would be so on the supposition that they could get men to take their works ; but is not something to be considered in respect of exporting the bullion ? so long as the Company maintain their silk factories, and make 70 lacs'-worth of produce, so far as that goes it prevents the necessity of exporting so much bullion.

1104. If individuals were to continue the manufacture on as great a scale as the India Company now carry it on, would not the drawing on England for the amount of

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of silk so remitted by individuals afford the same means to the Company of making a remittance to England which they now have by themselves conveying the silk from India to England?—If all the silk was available to the Company as an article of remittance, it would be the same thing; but how could you be sure it would be all at the Company's option at a reasonable rate of exchange?

1105. If individuals were to carry on the silk trade, would not bills be drawn to the amount of the silk so remitted?—The bills might be drawn, but they might not be at the option of the Company. At present the Company are remitters by bills, and so far as the value of the Company's silk goes it prevents them from being greater remitters by bills; deprive the Company of the silk, and you add to the Company's necessity for drawing; for inasmuch as they grow silk and send it to London, they are kept out of the market for the like amount of bills.

1106. Suppose the Company are now buying bills to the amount of a million by this remittance of silk; suppose they let their filatures, and the individuals drew on London to the amount of that million, for the silk which they sent, the Company would then have to purchase bills on England to the amount of the million, but there would be more bills to be disposed of by individuals to the very same amount of the million to be remitted; would not the number of bills increase, supposing individuals were to carry on the silk establishment, in the same proportion as the demand of the Company for the bills would increase?—This is a question which involves various considerations; I am not enabled to give an answer.

1107. Has not the number of hundred weights of saltpetre imported by the Company declined to about one-fourth of what it was in the year 1814?—It has declined.

1108. It was 146,000; it is now 37,300?—It is so.

1109. Is not the total quantity of saltpetre now imported much greater than it was during any period of the late war?—I am unable to answer this without the accounts.

1110. In what year did the Company's exclusive monopoly of saltpetre cease?—The right of the Company to the exclusive provision of saltpetre in Bengal is so connected with their privileges as the ruling power in India, and with considerations of revenue, that it does not admit of being answered without consideration, and reference to documents. But in fact and practice the trade in saltpetre has been entirely free since 1814.

1111. Has there been a great fall in saltpetre since the private trader has imported it?—Very great; it has fallen to so low a price that it has been bought to throw on land for agricultural purposes.

1112. Was not the price in 1814, 89s. 6d. per cwt.?—Yes, and in 1823 it had fallen to a guinea; in 1830 the stock was nearly all gone, and at the Company's sales it began to rise from 28s. to 33s., 37s. and to 42s., and now it is 37s.

1113. Has the Company's import of saltpetre been profitable to them, or otherwise?—The amount of profit and loss on saltpetre since 1794 will show that previously to the charter of 1814 it was profitable; subsequently it has been very unprofitable, until 1830.

1114. Had not the Company a contract for supplying saltpetre to His Majesty's Government?—Yes.

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1115. What

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1115. What were the terms of that contract?—The terms were that the Government should be furnished with 1,500 tons of saltpetre in two years, at its actual cost and charges, and repay the Company for the cost at the rate of exchange agreed by the Lords of the Treasury for monies advanced in India by the Company for the public service.

1116. Is that contract still subsisting?—I believe there is a small balance of saltpetre still due to the Government.

1117. What was the rate of exchange agreed on by the Lords of the Treasury?—In one year 2*s.* 0½*d.*, in the other 2*s.*, per sicca rupee.

1118. Has the contract proved advantageous or disadvantageous to the Company?—Neither one nor the other as a mercantile transaction, but it was convenient as a remittance.

1119. Does the Company purchase the saltpetre in India from individuals, and merely engage to deliver it here?—The Company make the saltpetre.

1120. What is the price at which they supplied it to the Government?—It was calculated the Company should be able to supply it at 25*l.* a ton, but it was not provided at that price. Saltpetre can only be made in the dry season; the weather proved very wet, and destroyed the saltpetre on the grounds, and instead of the Government getting it at 25*l.*, it cost 34*l.* or 35*l.*

1121. Does not the Company export from India to China a considerable quantity of cotton wool annually, for the purpose of contributing to the purchase of the tea investment?—Very largely, both from Bengal and Bombay, and they did so from Madras until the factories there were abolished.

1122. Is not the cotton wool purchased in the interior of India by the Company's commercial agents?—Yes.

1123. For what reason has not the cotton been purchased in the open market, in the same way as the indigo investment is purchased?—It has not been seen expedient to do so.

1124. What advantage do the Company's establishments in India possess over those of private individuals in making such purchases?—None whatever.

1125. What advantages do they possess over private individuals, in conveying articles to the market at Canton?—None whatever; the Company's Europe ships generally carry the cotton.

1126. Then why do they not make the purchase in the same manner as they make purchases of indigo?—The Company buy the cotton through agents at the principal marts in the interior, and not immediately from the grower; they are supposed to buy it as cheap as any other dealer.

1127. Can you state what the cotton actually cost them for a series of years?—Such an account can be furnished if ordered.

1128. Can you state what in 1821 was the cost of cotton purchased by the Company?—I have not the means here of doing so.

1129. Can you state during the same year what was the market price of cotton in the Calcutta market, so as to show what profit or loss the Company derived from employing agents themselves?—The price in the Calcutta market can be shown for a length of time.

1130. Can

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1130. Can such an account be furnished?—Yes, if the Committee are pleased to order it.

1131. Are not the military stores sent to India under your department?—Yes.

1132. Do you not think that woollens for the clothing of the army, stationery, and most articles, with the exception of iron, cannon, and fire-arms, might be better and cheaper procured in the markets of Calcutta, Madras, and Bombay, than sent out subject to the heavy freights the Company pay?—I apprehend woollens, of all other things, should be provided in the way in which they are now; they can be provided as cheaply by the Company as by any other party, and they should be all alike in quality. Government here have a board of officers to examine all the military clothing, to see it comports in all respects. In like manner the Company's cloth undergoes the most minute inspection. I cannot see how it could be provided cheaper or better in India.

1133. May it not be inferred that the goods would be bought cheaper in India than they can be exported by the Company, from the circumstance of the Company having to export such commodities in its official capacity?—I believe the Company provide their woollens cheaper than anybody else.

1134. For what reason, except that the Company found it could not advantageously compete with the private merchants, have they ceased to export articles in their official capacity?—I stated to the Committee, when I last had the honour of attending them, that in consideration of being so large a balance due from the territorial to the commercial branch of the Company's affairs, that the Court of Directors did not deem it expedient to send out anything to India for commercial purposes.

1135. From what you know of the prices of commodities exported by individuals, do you believe the Company could have sold their commodities in India at as low a price?—The Company sold their copper, woollens, and other goods, by auction to the highest bidder, in small lots, at monthly sales.

1136. Since the trade has been thrown open, and more especially within the last ten years, do you believe the Company could have afforded to sell the various commodities which they formerly exported to India at as low a price as they have been selling for in that country?—I am not prepared to answer that question.

1137. You cannot say whether the Company could or could not have successfully competed with private individuals?—The Company's course was to buy the copper and other principal articles by advertisement, and to sell it by auction in Calcutta, as before observed. Copper was, generally speaking, very profitable; and there was a profit generally.

1138. To what period are you referring?—To the time the Company ceased to export.

1139. When did they cease?—In 1824-25.

1140. Has not the price of copper fallen very much since that period?—It is cheaper now.

1141. Is this the only article to which you refer?—Copper, woollen, and iron were exported by the Company; the sole reason why the Company left off exporting was the constantly increasing balance due from the territorial branch, and the difficulty in procuring articles of Indian manufacture or produce suitable to the London market, in return for the British staples exported.

1142. At

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1142. At the time they ceased to export, were the prices at which the goods were selling by private individuals in India higher or lower than the prices at which the Company could with advantage afford to sell them?—I have no means of answering that question.

1143. Do you think, if the Company at that time could have derived a considerable profit from the export of articles, that they would have ceased to export?—There was a profit; I have stated the real causes why the Company ceased to export.

1144. How late was there a profit?—I believe up to the time the Company ceased to export.

1145. Was it not the difficulty of effecting the remittance to this country, and the loss sustained in doing so, that was the cause of their leaving off exportation?—Profit and loss was not certainly considered; I have stated the only cause.

1146. Do you mean that between the period of sending out goods and realising the return in this country, instead of there being a profit there was ultimately a loss?—The Company, until in very modern times, exported merchandize and sold it for the purpose of buying merchandize again, as other merchants or dealers would; but when the Company's funds became involved in territorial considerations, the mercantile part of necessity gave way.

1147. How can you estimate whether there was a profit or a loss, without including in the calculation what was the ultimate return made to the Company in this country, after making an investment in India of the funds received there for the goods sent out, and ascertaining how much was realized in sterling in this country by the sale of the investment?—That would have been part of the consideration if there had been a loss, but the trade with India was profitable up to 1824 and 1825.

1148. Do you mean it continued to be profitable, if you include in the calculation both the amount realized in India on the goods sent out from this country, and the amount realized in England on the return investment?—I mean that copper exported from London to India, and the proceeds converted into Indian merchandize and brought back, would yield a very good profit. In the year 1814 the Company's sale of Indian piece-goods was a million and a half sterling, and the profit was 414,185 *l*.

1149. At what rate is that per sicca rupee?—It would require a calculation to speak precisely; but the exchange would be about 3*s*. 9*d*. per sicca rupee.

1150. Could they obtain for the rupee, when converted into Indian produce and remitted again to that country, the profit of 257,000*l*. on the article?—They might have returned the amount to India in bullion at that time.

1151. When was it that the sale of export goods from this country ceased to be profitable?—That would depend on the price at which they could be bought, and the price to be obtained there. For the last six or seven years everything would have been unprofitable, if merely from the difficulty of effecting returns to England.

1152. Since everything exported ceased to be profitable during the last seven years, and individuals have sold their goods at lower prices than the Company could

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could afford, may it not be inferred that stores could have been bought in India at a lower price than the Company has exported them?—I feel a difficulty in admitting that individuals could have afforded to sell the goods cheaper than the Company.

1153. Have not individuals exported various articles cheaper than the Company could with advantage?—I am not aware of that circumstance.

1154. May you not infer that the same consequences would have applied to military stores as have during the last seven years applied to the other articles exported?—Military stores should be governed by other considerations than those of trade; at that time the Company did not allow military stores to be taken into India *ad libitum*, and it is not lawful now.

1155. Suppose the Company had had a contract for the delivery of certain cargoes of military stores, do you believe they could have got them delivered cheaper in India than they could have exported them themselves?—I cannot see any reason why they should.

1156. Has the Company ever made such contracts for stores?—No; I believe only as to coals.

1157. Are the freights greater or less than those of private individuals?—I have before observed that if the goods be shipped in a regular Company's ship, the freight would be little more than in a ship hired for one voyage.

1158. Supposing an article to be purchased in this country for export by the Company and by an individual at the same price, would not an individual be able to contract for its delivery in India at a lower rate than the Company could export it themselves?—I presume I have answered this question before.

1159. In case the Company contracted for military stores to be delivered in India, could they not secure these being of good quality by appointing their own officer in this country to survey them, or an officer to inspect them on their arrival in India?—The inspection of military stores is very rigidly performed, first in England, and secondly after they are landed in India.

1160. In the last case supposed, would it require more officers to examine the goods here previously to their exportation, than it now requires when the Company export them themselves?—I am not enabled exactly to see the difference that would exist in the system.

1161. Do you know how freight on military stores is charged, generally speaking?—There is a certain proportion of freight; it comes to no great deal, I believe.

1162. Are you aware that almost all heavy military stores are sent out in ships taken up by tender at the cheapest rate?—I am not aware of such a circumstance.

1163. Are there not persons appointed in India to survey them?—Yes; but if the stores, not having undergone a survey in England, should be rejected in India, the consequences might be very serious.

1164. Do not private merchants, to a considerable extent, dispose of their goods at the Company's sales in England?—Yes.

1165. Do they entrust the entire management of their goods to the skill and care of the Company's servants?—Entirely.

1166. Do the Company make the same charges as private individuals for warehousing?—The Company's system of management differs very materially from

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from that at the public docks, and does not admit of comparison. The public docks act simply as warehouse-keepers, for receiving and delivering goods. The East-India Company do the same; and in addition, sell the goods, receive the proceeds, and in fact become the agents of the importers, which the public docks do not undertake.

1167. What are the charges at which the Company receive and effect the sales of goods, and what is the difference between these charges for warehousing and those of any of the public dock companies; and also between their charge of commission and the charge generally made by private merchants?—The warehouse charges for landing and housing are about the same as the docks. The charges for sale, and receiving and paying over the proceeds, are such as the Company have from time to time seen it reasonable to require; in fact, they are very reasonable.

1168. What are the commission sale charges?—A schedule is printed, and in general circulation.

1169. Are they higher or lower than private commission merchants are in the habit of charging?—I apprehend on the whole they are lower, because no person is compelled to bring his goods to the Company unless he thinks it advantageous to do so; and still almost all the valued goods are continued to the Company. The Company have their own officers in all the public docks in the port of London, where they receive charge of any goods housed there, which the importers are desirous to entrust to the management of the Company.

1170. Inform the Committee when the present rates were established, and did they exist prior to 1814?—The Charter Act of 1813 laid the trade with India entirely open; and the continuance to the East-India Company of the housing and sale of private Indian merchandize depended upon their holding forth such reasonable terms as the public might approve. Schedules of rates, as before stated, were promulgated by the Company, which have been varied from time to time to meet existing circumstances. The periods for sales, &c. have been arranged with the concurrence of importers and buyers. These regulations are understood to be very satisfactory to the public at large, insomuch that many importers of Indian merchandize who choose to deposit their goods in the public docks, still desire to obtain the advantage of the Company's system and management, and place the goods under the Company's control as if they were in the Company's warehouses. The resort to the Company's warehouses and sales is entirely optional on the part of the importers of India merchandize, who are at full liberty to house their goods where they please, and to sell them as they please, except Indian piece-goods intended for home consumption (6 Geo. III, c. 4). The comparative despatch and economy in landing and selling goods at Liverpool and in London, I am not able to speak to. It is for the interest of all dock companies to unload the ships as quick as they can.

1171. Is not the sale of private goods entirely governed by the wishes and convenience of the proprietors and consignees?—Entirely so.

1172. Are not the sales of East-India goods conducted at Liverpool by private individuals with as great despatch and economy as they are in London by the East-India Company?—I see no reason why it should not be so.

Mercurii, 14^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

WILLIAM SIMONS, Esq., called in and further examined.

1173. CAN you account for the increase which appears to have taken place in the commercial establishments in Bengal, on comparing the year 1816-17 with the year 1826-27; has there been a larger amount of commercial business done in Bengal at the latter period than there was in the former?—The Account in p. 672,* shows there was a less number of factories in 1826-27 than in 1816-17; but that the expense of the European establishments in 1826-27 exceeded that of the former period by rather more than a lac of rupees; this was occasioned in part by the moiety (48,000 rupees) of the expenses of the board of trade, which in 1816-17 was borne by the territorial branch having, in the latter period, been transferred to the commercial branch; and further, by the commission accruing in 1826-27, to the commercial residents chiefly at the silk factories, upon an enlarged investment of that article. But if the Committee will be pleased to refer to p. 680,† a reduction of nearly two lacs of rupees will be found to have taken place in 1826-27, under the head of “Establishments connected with the Commercial Department in Bengal.”

1174. Do you know what are the duties of the several officers mentioned in page 672,‡ of the Report of the Committee of the House of Commons in 1831?—No further than as they are described by the names of their offices.

1175. Can you state how much of those establishments could be dispensed with, if the purchase of indigo and the manufacture of silk and saltpetre were abandoned by the Company?—If the purchasing indigo at Calcutta were discontinued, and the provision of raw silk and saltpetre at the factories relinquished, the functions of the controlling board at Calcutta, and its establishment, would have ceased.

1176. Are you sufficiently acquainted with the detail of the business in India, as to state whether any of those various offices described in the account referred to, might be dispensed with if the business goes on on its present scale?—The commercial establishments at Bengal have been very lately under revision, and no reduction in the offices was seen necessary except the Import Warehouse; but the salaries have been reduced. I beg to refer to the statement which I have before presented to the Committee.

1177. Does the establishment of Buying and Warehouses, in No. 35, in page 684,§ fall under your department?—Yes.

1178. Is that the whole which falls under your department?—That is the whole of my department in the India House, but I am also the chief clerk for the warehouse department.

1179. Have you anything to do with the East-India Wharf?—Yes.

1180. State which of the offices described in this Paper are under your department?—The office of the Committee of Buying and Warehouses is my particular

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Esq* First Appendix
to Third Report.
Page 180.

† Ditto. Page 193.

‡ Ditto. Page 180.

§ Ditto. Page 198.

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particular station; the auctioneer is under me; the East-India Wharf is jointly under the Committee of Shipping and the Committee of Warehouses; the Tea Warehouses are under my department; the Bengal Warehouse is under my department, the Coast Warehouse has been united with the Bengal Warehouse; the Private Trade Warehouse, the Assistant Private Trade Warehouse, the Pepper and Saltpetre Warehouse, the Baggage Warehouse, the Military Store Warehouse in part, the office of clerk to the Committee of House, is in me, and has merged into my office, the salary which attached has been discontinued.

1181. Can you account for the increase which appears to have taken place in the first of those offices, the office of Buying and Warehouses; it appears that the charge for that office has increased from 7,941*l.* to 9,553*l.* a year, notwithstanding that in the period the commercial export trade was relinquished?—The clerks' salaries increase according to a scale of service; the account under consideration was prepared by the Company's accountant, and I am unable to explain the particulars.

1182. Is the Coast Warehouse department done away with?—I have stated that it has been joined with the Bengal Warehouse.

1183. Can you detail all the particular duties of all the officers of these departments?—I, as the principal of the department, have to originate the business, and to see that it is duly performed, and that the officers and clerks obey my instructions in preparing papers, and in the general business of the department, which is very miscellaneous.

1184. The expense of the Private Trade Warehouse appears to have increased during the same period, from 2,621*l.* to 3,795*l.*; in what manner do you account for that increase?—I presume the increase is the effect of the salary regulations.

1185. Is that in reality the cause, or do you merely conjecture that it is?—I only presume that it will account for the increase; the accountant who made this account has alone the documents to explain it.

1186. Does the nature of the duties of the commercial agents employed in India come under your cognizance?—There are no agents remaining but the silk agents, and the agents for cotton and saltpetre.

1187. Are you acquainted with the duties they have to perform?—An order is sent out by the Court annually for the quantity of raw silk or other goods to be provided in the ensuing year.

1188. What description of agents are selected for that purpose, are they men who have experience in commercial business, or how are they chosen?—They are selected by the Governor-General in Council.

1189. From what description of persons are they chosen?—From the civil service.

1190. They have all been in the regular service of the Company?—They are all covenanted servants of the Company, who have proceeded to India as writers.

1191. Are they persons who have experience in commercial matters?—They are selected by the Governor-General, and I must presume are fit persons.

1192. What is the mode in which they are compensated?—They have, until lately, been compensated by a monthly salary, and a commission upon the goods they provide; but within the last year this mode has been changed, and the commercial

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mercial residents are now paid by fixed salaries only. The Schedule is before the Committee.

1193. Hitherto, except during the last year, they were paid a commission upon the gross amount of the purchases?—Yes.

1194. Have they not an interest then in purchasing at the highest price, in order to increase their commission?—I have no right to suppose they have been influenced by such motive; but if such a disposition had existed, it would have been checked by the inability of the commercial agent to make good engagements to a larger amount than had been allotted to his factory, without subjecting himself to reprehension.

1195. Did the agents confine themselves to the sums apportioned to them?—Previous to the year 1801, it seems occasionally to have been a practice with some of the residents to enter into engagements in excess of the authority they had received; but in that year the Marquis Wellesley directed the board of trade to issue a circular order, forbidding the commercial residents upon any account to receive goods tendered as surplus deliveries, without express permission for that purpose. Another check upon such practice would be found in the Court's Regulation of 1814, which limited the total amount of the commission and salary to a sum not exceeding current rupees 40,000, and that the surplus be carried to the credit of the Company, with a proviso, however, that if an unusually large investment should be ordered at any particular factory, and the resident should have conducted himself with zeal and ability, the Governor-General in Council might pay him a portion of the surplus commission, not exceeding one-half thereof.

1196. In fact it was found that they did not rigidly observe their instructions not to lay out more than a certain sum each?—It had been found there was a tendency to enter into engagements for more than was allotted to them, which the order of 1801 was intended to prevent; as was in part the intention of the order of the Court of Directors of 1814, with a further intention of preventing the commercial agents from drawing larger emoluments, under any circumstances, than was consistent with a measured liberality.

1197. Did they find security for their good behaviour?—No; they were covenanted servants of the Company, in the regular line of the service.

1198. What sort of control did the board of trade exercise over them?—A constant superintendence; the commercial servants regularly report all their proceedings to the board of trade.

1199. Then in that case if a commercial agent exceeded his instructions in the amount he laid out in the purchase of goods, it would be the board of trade, and not the agent who would be in fault?—He would be subject to reproof, and would gain nothing by it; the surplus commission would in such case not be allowed.

1200. Is the limitation placed on the sum which an agent might lay out on a particular commodity, a sufficient check against his increasing the price, and lessening the quantity he was ordered to purchase, and thus act to the prejudice of his employer?—Such a person would be an unworthy servant: but the price to be paid for the silk is always confirmed by the board of trade; every transaction is subject to their approval.

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1201. Do

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1201. Do you know how the board of trade determine the prices to be given for silk?—According to their own judgment, formed upon the general information they obtained from the silk residents.

1202. Do you prepare the commercial letters?—Yes.

1203. What documents will show how many of the commercial officers have in any one year exceeded their instructions, in having given higher prices, or made larger purchases than they were directed?—I am not aware that higher prices have been given than sanctioned by the board of trade; the silk is inspected at the export warehouse at Calcutta, and commission would be withheld if it were not of proper quality.

1204. Will it appear from any correspondence, or is there any account kept, of the officers who have either given higher prices, or have made larger purchases than they were directed, and in what degree they have exceeded their instructions?—I am not aware of more than one instance in which the having provided goods in excess of quantity has been the subject of particular investigation; this was the instance of a resident who in 1813–14 provided a large surplus quantity of silk, and of inferior quality.

1205. Is the number of officers considerable, who in any year have gone beyond their instructions?—I can only recollect the above instance of excess in quantity. In 1826–27 the resident who provided cotton was accused of paying undue prices, and an investigation took place; the resident died before its conclusion, and his memory was absolved from all imputation of intentional error; but his native officers were convicted of fraud, and the head person was sentenced to five years' imprisonment.

1206. Do you remember whether such occurrences have frequently been made matter of observation in your department?—I only remember the above instances.

1207. What is the highest emolument which any one of the commercial residents has received in the course of a year?—The highest, I think, did not exceed 7,000*l.* a year.

1208. At what place did that happen?—That was at Etawa and Calpee, a cotton factory; and the emoluments of the resident at Cossimbazar have been considerable; but I am not able to state more particularly without reference to the records.

1209. Do you know the amount Mr. Bayley, the commercial resident at Benares, was in the annual receipt of?—He was opium agent, and also commercial resident.

1210. Do you know the amount of the annual allowance he received?—No; it arose chiefly in the opium department.

1211. Do you know that it amounted to 6,000*l.* a year?—I am unable to speak exactly on that point; but I believe it did amount to that sum, or more.

1212. Is this a greater amount than any of the highest political or civil officers were in the receipt of?—I apprehend it is as high, except the residents at the native courts.

1213. Are the accounts of the commercial residents closely scrutinized in your department?—Not in my department.

1214. So that the buying department at the India-House does not exercise any very rigid scrutiny into the accounts of the commercial department in India?—The orders

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orders sent by the Court are presumed to be obeyed, and it is the duty of the board of trade to see that they are so. My duty does not extend to the examination of the accounts.

1215. Are all the letters in the commercial finance department regularly answered?—The commercial finance is not in my department.

1216. In whose department is it?—In the Committee of Correspondence.

1217. You prepare the commercial despatches, do you not?—Yes, generally.

1218. Are the orders which you send out in the commercial despatches regularly replied to by the board of trade in India?—By the Governor-general.

1219. If the board of trade sends inquiries, and asks for orders from home, in what department are they answered?—The board of trade do not correspond with the Court; they correspond with the Governor-general, who communicates with the Court.

1220. What office at home is it that audits the accounts of the commercial agents, and of the board of trade in India?—The audit of the commercial accounts, in the proper sense of the word, is conducted in India by the officer called commercial accountant and auditor: the examination of the books of account in this country is of the nature of a revisal, similar to that which is passed upon the territorial accounts.

1221. There is in fact, then, no rigid examiner at home of the commercial accounts of the Company's agents abroad?—No further than what I have now stated.

1222. Then in ascertaining the prime cost of the silk purchased at any particular factory, you merely look to that charge in the general account?—Yes; but the invoices of the respective ships which bring the silk show the cost of it, certified by the board of trade.

1223. Are not all particular occurrences in the silk or other commercial departments reported by the board of trade to the Governor-General in Council, and by them to the Court of Directors?—Any points deemed of sufficient importance would be so reported.

1224. Any abuse, or any departure from the general course of proceeding?—Yes, certainly.

1225. Does any board ever exercise that rigid scrutiny into the accounts of the commercial departments in India, which you think a private merchant would do if he employed private agents to transact his business in India?—The board of trade are the functionaries to conclude and put a fiat on the commercial transactions, and, as I before stated, are in constant correspondence with the residents at the factories, and if absolutely required, a member proceeds to give his personal supervision at a factory.

1226. Can you state what are the constituent parts of the prime cost of a bale of silk?—I believe it will appear in the Statement, in p. 658,* of the House of Commons Papers, printed 11th October 1831.

1227. How much goes to the cultivator, and how much for management?—The Company's Bengal raw silk is provided by advances of cash made from the factory to a class of native agents called pykars, who in their turn make advances to the cultivators of mulberry and the rearers of silkworms; each of the Company's

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Company's factories employs numerous pykars, who give security for the money advanced to them; the pykars deliver the cocoons into the storehouses of the factories, where they are reeled into silk by native workmen, hired and paid by the factory. A settlement is made with the pykars for each bund respectively, but it does not take place until all the cocoons of the bund have been wound into silk, and when that is completed the resident proposes such price to be paid to the pykar as he judges reasonable, having given due consideration to the productiveness or otherwise of the season, and all circumstances attending the provision of silk: this price is reported to the board of trade for their approval. This course supposes that each commercial resident fixes the price for his own particular factory, without reference to what may be paid by the other residents for silk of the same bunds; but in 1827 the board of trade divided the silk districts into circles, and resolved that one rate of price only should be allowed at all the factories in each circle. But in March 1831, the board of trade re-considered the system for providing raw silk, and came to a resolution to discontinue the practice of settling with the pykars after the silk was wound off, and resolved to fix and promulgate the price which the Company would pay before the bund commenced; the result of this measure cannot yet be known in England. The Court have no certain information of the prices the pykars pay to the rearers of silkworms. The above is the general system. In some instances the residents obtain cocoons directly from the rearers, without the intervention of the pykar; and occasionally buy silk under contracts.

1228. There is a price paid for a certain quantity?—The price is calculated upon the quantity of silk which the cocoons produce; and depends upon the favourable-ness or otherwise of the bund.

1229. Are the books of correspondence of the board of trade in India regularly sent home to the Court for examination?—The proceedings of the board of trade are sent home for the Court's information.

1230. Where does the correspondence between the board of trade and the commercial agents appear?—It is recorded on the proceedings of the board of trade, who hold their meetings two or three days in each week.

1231. All the correspondence carried on under the immediate direction of the board of trade appears there?—Yes.

1232. Do you mean that the particulars respecting all the details in India are sent home to the Court?—Yes.

1233. Who reads them when they come home?—It is the business of the officers and clerks in the several departments to make themselves acquainted with them.

1234. Do you suppose that they are all read by any one?—Yes.

1235. Can you give the produce in any given year at each factory?—Yes.

1236. Do you not believe that the business of dyeing long ells in London would have been done much cheaper if a contract had been made for the whole with any large house willing to undertake it, instead of dividing it into six-and-thirty different portions?—If it had been performed by contract with one or two houses, there can be no doubt it would have been done cheaper.

1237. How

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1237. How much per cent. cheaper do you apprehend it might have been done?—That is matter of opinion; I cannot pretend to give any opinion upon that point.

1238. Why was not such an altered system of dyeing adopted by the Company if you think it would have been cheaper?—I am not able to say.

1239. What do you believe to have been the reason?—The former system, which had been long in practice, went on year after year, and it was not so apparent that a saving could be made; the dyers always said that it could not, and they complained that they were not paid sufficiently; all the principal woollen dye-houses in London were employed by the Company.

1240. Are they now dyed in London, or in the West of England, or Yorkshire?—The long ells are still dyed in London; the broad cloth is dyed in the country, being bought in a finished state.

1241. Why in London?—Because no dyer has offered to dye the long ells in the country.

1242. Have any means been taken by public advertisement or otherwise to ascertain whether there were not persons in the country who would contract for dyeing them?—No.

1243. No attempt has been made by public advertisement to obtain tenders?—No; I have intimated to the factors myself that the Company would have no objection to purchase the long ells as they do the broad cloths, but they have considered that it was not practicable, because there are not dyers in the West of England who would undertake it.

1244. Are not the long ells sent up undyed to London?—Yes.

1245. Do you not believe that if tenders were invited for dyeing the whole quantity, there would be numerous offers to undertake it?—The manufacturers seem so completely separated from the dyers, that I do not apprehend there would. I am certain there is no objection on the part of the Company to buy the long ells in like manner as the broad cloths.

1246. In what manner is the order for dyeing now given?—A printed circular is sent to the London dyers, to say that the Company are desirous of receiving tenders for dyeing so many thousand long ells, in such and such times, and the order is given to the lowest tender, under security.

1247. Would it not be a better plan to contract for long ells ready dyed?—I beg to refer to my former answer.

1248. It is only to the London dyers that those circulars are now sent?—Just so.

1249. Have any houses been willing to contract for the whole, or is it still divided among several?—One house took the whole one year; the whole number for the year is not put out at once; fifty or sixty thousand, and then fifty or sixty thousand more.

1250. Is it customary for you to send to all the dyers whose names are known in London, or only to those who formerly dyed for the Company?—To every dyer in London.

1251. In what manner do you ascertain which of the houses are likely to tender?—We know their names.

1252. You

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1252. You probably cannot recollect what number of dyers you are in the habit of sending circulars to?—I do not remember the number, nor is it very great, but it is to every one who is likely to attend to them, and has any means of dyeing the goods; the circular is made as general and as public as it can possibly be; it is printed, and anybody may have it.

1253. You stated the other day that the export of long ells had considerably diminished?—It has been reduced, but not within the last 18 or 20 years.

1254. Is it the intention of the Company to discontinue it altogether, in consequence of its continuing to be a losing trade?—Long ells have now become a profitable trade, owing to the great fall in the price of wool.

1255. When did the change from loss to profit take place?—A change from loss to profit took place in the China season of 1829–30, and in 1830–31. there had occasionally been a profit before, but it was greatly overborne by the loss.

1256. Have the Company received any intimation from China that they are undersold in that market by the competition of other traders?—Not in long ells.

1257. Have they received such information respecting any other articles of British manufacture?—I am not aware that the Company are undersold in any article; but they cannot compete with the private traders in camlets, which are smuggled into Canton.

1258. Where are the camlets made?—At Norwich.

1259. Do you mean to say that the long ells are not prohibited, and that camlets are?—The camlets are not prohibited; nothing is prohibited in China except opium; but the duty on camlets is so great that they are smuggled in. The duty in China is equal to the cost price in England.

1260. How is it that the Americans do not purchase long ells in this country, and smuggle them?—Because there is no inducement to do so, the duties on long ells are more moderate.

1261. The Americans have not been purchasers of long ells in this market?—Not to any extent; they were not profitable.

1262. But they are purchasers of camlets in it?—Yes.

1263. Camlets are made in Yorkshire as well as in Norwich, are they not?—Yes, they are.

1264. Has the Company ever purchased camlets in Yorkshire?—Yes, the Company purchase their camlets by a circular letter, which is sent to the Yorkshire manufacturers as well as to Norwich, and it has occasionally happened that a Yorkshire house has had an order, but only occasionally; they are not so expert at that kind of manufacture in Yorkshire as they are at Norwich.

1265. Are you aware that the Americans are in the habit of purchasing camlets to a considerable extent in Yorkshire?—I do not know where they purchase them.

1266. You think that the advantage which the Americans have over the Company in camlets is solely occasioned by their smuggling them into China?—Perhaps I have no right to say that it is so, because I cannot prove it; but it is very notorious that it is the case.

1267. Broad cloths have been a profitable article of export?—Yes.

1268. Do you purchase broad cloths in Yorkshire as well as in the West of England?—Yes, largely.

1269. Do

1269. Do you invite tenders by circulars in the same way as in camlets?—Yes, by printed circular letters.

1270. Do you send them to all the persons whose names you know, or only to those who apply to you for them?—To everybody who we think will pay the postage of the letters.

1271. Have not the Americans been in the habit of purchasing broad cloths in this market?—All which are rejected by the Company are purchased by the agents for the Americans; this is quite an admitted system.

1272. Do you mean that the Americans only purchase goods that have been rejected by the Company?—No, they have some made also; and I understand they are having some made now rather of a better kind than the Company's.

1273. Have the Company been in the habit of exporting other goods to China, cotton goods for example?—Yes.

1274. To any considerable extent?—Yes, British calicoes, but only of late years, and cotton twist. I was directed to prepare an account of the twist, which I have done.

[*The same was delivered in and read as follows:*]

13th March 1832.

PROFIT and LOSS upon COTTON TWIST Exported to *China* by the East-India Company.

London, Season 1827-28.

31,500 lbs. Water Twist	- -	Nos. 8 to 40.			
58,500 lbs. Mule Twist	- -	Nos. 40 to 140.			
				£.	s. d.
90,000 lbs. Twist	- -	Cost and Charges	- - -	11,752	5 4
Sold in China at 34 dollars per pecul			- - -	5,508	- -
Loss			- - -	£. 6,244	5 4

London, Season 1828-29.

300,000 lbs. Water Twist, No. 20	- -	Cost and Charges	-	£. 17,628	8 11
Sold in China at 35 dollars per pecul		-	-	18,900	- -
Profit		- - -		£. 1,271	11 1

London, Season 1829-30.

300,000 lbs. Water Twist, Nos. 16 to 24	- -	Cost and Charges	-	£. 17,912	7 3
Sold in China at 36 dollars per pecul		-	-	19,440	- -
Profit		- - -		£. 1,527	12 9

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London, Season 1830-31

240,000 lbs. Mule Twist - - Nos. 32 to 100.

240,000 lbs. Water Twist - - Nos. 24 to 40.

480,000 lbs. Twist - - Cost and Charges - - - - - £.38,323 12 3

Sale in China not yet known.

London, Season 1831-32.

120,000 lbs. Mule Twist - - Nos. 32 to 100.

120,000 lbs. Water Twist - - Nos. 24 to 40.

240,000 lbs. Twist provided for exportation.

1275. The Company continue to import from India silk bandannas?—Yes.

1276. Has their import of that article decreased much lately?—It has rather increased, but not materially; they come at a remittance of about 1*s.* 11*d.* the rupee.

1277. Has not it been a losing trade?—I think the remittance is 1*s.* 11*d.*

1278. Who makes the communication to ascertain what trade is profitable, and what is not?—That relates to my department.

1279. Do you add interest to the money employed?—Interest is not added.

1280. Do the private traders bring bandannas as well as the Company?—The quantity of bandannas brought in private trade considerably exceeds the imports by the Company.

Veneris, 16^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

JOHN HORSLEY PALMER, Esq. called in and examined.

16 March 1832.

J. Horsley Palmer,
Esq.

1281. MR. PALMER, you are Governor of the Bank of England, and partner in the East-India house of Palmers, Mackillop and Company?—Yes.

1282. Will you be so good as to state whether, in your opinion, it is necessary for the East India Company to carry on trade in order to make their financial remittances to this country?—I should think the financial remittances to this country might be made with perfect facility, without the necessary consequence of the Company carrying on trade to the extent to which I understand it to exist.

1283. Do you consider that there would be a facility of remittance from India or through China to the amount of three millions and a half sterling, and if so, will you have the goodness to state the mode in which you think that might be done?—

I should

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I should think that three millions and a half sterling might be remitted without difficulty from China and India together; and the mode in which I would submit that should be done would be with reference to bullion and the general exports. The trade itself will furnish a value of three millions and a half sterling as at present existing; and provided bills of exchange secured upon that trade were tendered to the Company at the bullion price, I see no reason why those goods should not be deposited in the possession of the Company until the bills were paid. The invoice value of the goods upon which I found that opinion are three millions and a half, or nearly so, from Bengal, and two millions from China.

1284. What, in your opinion, would be the average exchange at which such remittances could be effected in that matter?—I think they ought to be effected at the bullion price, which would be from 1*s.* 11 $\frac{1}{2}$ *d.* to 2*s.* per sicca rupee.

1285. Do you not also think it necessary to make allowance for the interest in the interval between the money being advanced in one country and the repayment being made in the other?—Distinctly not. All exchange operations in bills have reference to the actual produce of the remittance in bullion in the country to which those remittances are sent.

1286. Can you state any conclusions which you may have formed, with respect to the value of the Sycee silver as compared with the sicca rupee, and of the rupee in sterling?—It so happens that we have very lately, within the last six weeks, received a remittance from Bengal in both those species of bullion, one was Sycee silver, and the other was the Bengal sicca rupee; and if the Committee will allow me, I will state precisely the out-turn of those two remittances. The Sycee silver is found to have, upon an average, about 12 grains of gold in a pound of silver, troy-weight. The Sycee silver was sold in this market at 4*s.* 11 *d.* seven-eighths per ounce British standard, including eight grains of gold.

1287. What do you mean by including eight grains of gold?—Because the buyers take no cognizance of any quantity not exceeding eight grains.

1288. Then no additional value is given to it unless it has more than eight grains?—No; all above eight grains is paid for in the additional value of the silver, and therefore the silver was virtually sold, containing the 12 grains, at 5*s.* 0 $\frac{1}{2}$ *d.* per ounce.

1289. It contained 12 grains?—Twelve grains.

1290. Now, can you state its fineness?—No, I cannot; I do not know whether the Sycee silver is better or worse.

1291. Do you say that it was sold for 5*s.* 0 $\frac{1}{2}$ *d.* per ounce?—Yes, per ounce standard; reduced to standard; that Sycee silver, containing 12 grains of gold per pound, sold at 5*s.* 0 $\frac{1}{2}$ *d.* per ounce standard silver, gave an exchange of 1*s.* 11 *d.* five-eighths per sicca rupee, calculated against a bill at six months' sight.

1292. Will you explain those words, "calculated against a bill at six months' sight;" was interest taken off the proceeds for the period of six months, at five per cent.?—I think it was five per cent.

1293. So that that makes it equivalent to a bullion remittance?—Yes.

1294. Upon the general run of remittances from India, comparing bullion with bills, and supposing bills to come to you at six months' sight, what per-centage should you think fair to charge for the average risk upon bad bills on a merchant?—

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I should prefer a bill at the same rate, and would give no premium for bullion. Every person who takes a bill of exchange believes it to be good; and if he does not believe it to be as good as bullion he will not take it. If I have the opportunity of taking a bill at the same rate of exchange which bullion would give, I would take the bill of exchange in preference to a remittance in bullion, from the security of the payment of the bill by the triplicate copies.

1295. Have not you the same security as to the certainty of specie remittances by the practice of either insuring in London, or of making insurances in Bengal payable in London?—You have, certainly; but still there is always a certain degree of risk in the recovery of a policy; independent of the security of the person who has to pay, there are always legal questions to which the holder of a policy is liable, which would induce me to give the preference to a bill.

1296. What should you consider to be the charge per sicca rupee for the expense in bringing the bullion from India to London?—There are various charges.

1297. Can you state the rate of insurance now?—I think two per cent., and the freight a half per cent.

1298. Then 1 s. 11 d. and five-eighths per rupee, you state to be the net return, after the expense of bringing the bullion to England has been deducted?—Yes.

1299. In that you have taken the weight of the Sycee silver, containing the same weight of fine silver as if it had been a sicca rupee?—It is always turned into British standard.

1300. That is, you mean, supposing a sicca rupee and not Sycee silver to have been sent from India, it would have realized to you 1 s. 11 d. and five-eighths?—Not a sicca rupee; I am speaking merely of Sycee silver.

1301. But then you ought to tell us, with a rupee how much silver you bought in India, otherwise it gives us no criterion?—The Sycee silver cost in Calcutta 96 sicca rupees per 100 sicca weight.

1302. Are you able also to state what is the degree of fineness of the Sycee silver?—The Sycee silver was about eight pennyweights better than English standard.

1303. Are you aware that Sycee varies as to its intrinsic fineness very much in China, and that some buy it in China of a much finer and a much coarser quality?—No; upon my inquiry of the bullion brokers in London, I could not find that to be the case.

1304. What was the date of this transaction?—I think it is about six weeks ago.

1305. You have stated the quantity of gold that was in this Sycee silver; can you state what is the general quantity of gold in the Mexican dollar?—I cannot, but I think not more than four grains.

1306. So that the quantity of gold in the Sycee silver is evidently greater than in the Spanish dollar?—Certainly.

1307. Therefore the Sycee silver in China cannot be the Spanish dollar melted down in that country and exported?—Certainly not.

1308. Should you conclude from that, that it must be the silver of the country itself, of the mines of Asia?—Yes.

1309. What is the smallest quantity of gold which you understand it is worth the refiner's while to extract from silver under the improved process with sulphuric acid?

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acid?—I think it is five grains; I believe four grains pays the expense, and it may be worth the refiner's while to buy it and refine it for that quantity; but it would not be worth the while of other people to do it under six or seven grains. I have stated that the Sycee silver gave at the price stated 1*s.* 11*d.* and five-eighths per sicca rupee; the sicca rupee at the same time, sent as coin from Calcutta, was sold at the same price of 4*s.* 11*d.* and seven-eighths per ounce British standard, and gave an exchange equal to 1*s.* 11 $\frac{1}{4}$ *d.* per sicca rupee.

1310. Was the rupee of full weight?—Fair average weight.

1311. Coined at the Company's mint?—Yes.

1312. Melted down when it was sold, and brought to the same standard, of course?—Yes.

1313. What quantity of gold was there in the sicca rupee do you suppose?—Nothing worth extracting; I think it was about four grains.

1314. Talking of the par of exchange of a sicca rupee, you are of course aware it must depend in London on the market price of silver?—Yes; that which was sold six weeks ago at 4*s.* 11*d.* and seven eighths per ounce, would not now sell for more than somewhere about 4*s.* 11*d.* and one-eighth; but that is under the circumstance of an unusual high exchange with Paris.

1315. Which at present exists?—Yes.

1316. Then it has fallen within six weeks?—Yes, the market price of silver.

1317. Have you any reason to expect in future a larger import of silver bullion from India than heretofore?—I should say certainly, in the present state of the exchange in India, particularly in Calcutta.

1318. Are there any peculiar circumstances that are likely to lead to an extension of the import of bullion into this country from India, that have come to your knowledge?—No, otherwise than by the reference to manufactured goods sent out, which have been remitted within the last 10 or 12 months at from 1*s.* 10 $\frac{1}{4}$ *d.* to a half-penny per sicca rupee by bills at six months' sight, the consequence of which has been, that orders have been transmitted from England to remit rupees or other silver bullion from India to England, which it is proved will give 1*s.* 11 $\frac{1}{4}$ *d.* per rupee, and upwards.

1319. Has there been any order sent also to China to the same effect, to your knowledge?—I believe that the remittance from China will be so small for proceeds of manufactures sent from this country, that it will hardly attract notice.

1320. Are there any silver mines worked in the Indian peninsula?—Not that I am aware of; I do not know.

1321. You conclude, that the sicca rupee is coined of Spanish American silver?—I do not know; I cannot answer that question; that information must be derived from the Calcutta mint.

1322. If you employ a refiner to extract the gold on the account of the owner of the silver, what per-centage does he charge for making the separation?—There is a great deal of discussion going forward upon that question at the present moment, and therefore I cannot answer the question correctly. I think the quantity used to be about five grains.

1323. But they deducted the value of five grains?—Upon reference, I find that the refiners took three-fifths of eight grains, and gave the proprietor of the silver two-fifths,

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two-fifths, and all above eight grains ; that was the proportion ; but there is, as I have already said, a negociation now in progress which may alter that proportion.

1324. Do you know that there has been heretofore any prejudice existing in the trade against the remittance of bullion to this country ?—Certainly on the part of the Indian merchants.

1325. Do you consider that is still the case ?—Yes, I consider an attempt has been made by the Indian merchants to retain the bullion in India, which it is quite impossible for them to do.

1326. Under what idea do you consider they have been anxious so to retain it ?—From the scarcity of money that would ensue from the exportation of the metal.

1327. Does not the same prejudice obtain in all parts of the world among merchants, that the exportation of bullion from the country, and more especially of the coin of the country, has an immediate tendency to diminish the quantity of money in the market, and thereby to affect the prices of commodities, and produce what is called commercial distress ?—Certainly ; the knowledge that that will be the result is beyond dispute. But the question in India has been of a different character ; there has been (perhaps the word prejudice was not a proper word to use) an idea in the minds of the native merchants, that they could, by their own act, retain the bullion in the country, and regulate the remittance by arbitrarily fixing their own rate of exchange.

1328. Although you entertain no doubt that any effort unnaturally to retain the bullion would be ineffectual, you do not entertain a doubt that the exportation of the bullion, and more especially of the current coin, has the effect of producing an immediate scarcity of money ?—Distinctly so.

1329. Do you conceive that if the gold coin of this country could be introduced generally in India, that that measure would have a tendency to facilitate the operations of trade in any way ?—No ; I do not see in what way commerce would be promoted by our coin ; it is quite immaterial what the coin is when the fineness is once known.

1330. You are aware that there are various descriptions of currency in India ?—Still they all have their respective values.

1331. Do you consider that answer equally applicable to the gold as to the silver ?—I apprehend that gold neither does nor will circulate to any extent as current coin in India, where silver forms the actual currency, and is a legal tender.

1332. Might not the effect of introducing, if it were possible, a gold currency in India, have an effect to raise the market value of gold all over the world, by introducing a large and extensive new application of it ?—It might have the effect ; but I should be directly opposed to an opinion of the propriety of introducing gold into India as the current coin of the realm.

1333. Are you not of opinion that between two countries like England and India, having very extensive and intimate commercial intercourse, that as far as that intercourse is concerned, there would be an advantage in having the legal standard in the same metal ?—Certainly ; and I think it would be much more beneficial for the world at large, that the same metal should universally prevail as the legal tender.

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1334. Should you apprehend that any material inconvenience would necessarily arise to the circulation and currency of this country, supposing it at any time to become necessary to effect any considerable operation here in Indian finance, such for example as the transfer of any portion of Indian debt to this country, or the raising of a loan for the service of India?—Not if it is done with due regard to the existing circumstances at the time. The expenditure of India in this country is stated to be about three millions a year; therefore so far as regards those three millions, there would be no difficulty in raising a loan to that extent, paying off the Indian debt to the same amount by the revenue of India. An arrangement of that kind would, I conceive, be the least objectionable mode of transferring any portion of Indian debt to this country.

1335. But such an operation would not at all affect the difficulty, if difficulty there be, in the means of India to remit the three millions, or whatever sum India may have to remit to Europe, excepting in as far as the interest of the debt, by being borrowed in England, may be at a lower rate than the debt in India?—Certainly; there is no other advantage.

1336. Besides the two methods that you have mentioned of making remittances from India to England, namely, those of sending bullion, or of making advances in India upon the security of cargoes shipped by private merchants; would there not be a third, namely, that of the India Company drawing bills in England upon its Indian treasuries, and disposing of those bills in England to merchants?—The answer to the question of the Company drawing bills on India, would depend a good deal upon the state of their own imports from India and China to this country; if they are not importers themselves of produce, then I apprehend that a certain portion, and perhaps a considerable portion, might be obtained by their own bills on the treasuries of India.

1337. Supposing the India Company to give up trading both with India and with China, would not such a mode of remittance afford great accommodation to the private merchant carrying on those trades?—To a certain extent, I think it would; especially so far as may relate to the European and foreign capital embarked in the Indian and China trade.

1338. Would it not interfere with the exports from this country?—No.

1339. If you take bills payable in India or China, will there be as much exported from this country as there would be without that?—I think so, upon this ground, that the export trade to India and China does not seem to admit of much increase so long as we are receiving from India and China the sum required for the territorial purposes, which is brought in trade; if the Company are not the traders, other persons will, for their own profit, bring that supply which the demand requires.

1340. But is it not your opinion that India would bear a much larger export from this country than now takes place, if returns could be found for that which is sent from this country?—I do not know what articles of export from this country India could take more than are now sent.

1341. Is at present any considerable portion of the exchange business between England and India carried on by drafts in London?—I believe not to any considerable extent.

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1342. Is it not in the nature of a trade with a distant country for the exchange-operations to originate in the distant country, and not in London?—To a considerable extent.

1343. And more especially when the operations are mostly for the account of that distant country?—Yes.

1344. Are you aware that, in nearly all our commercial transactions with distant countries, with India, with America, and even with Russia, the exchange operations almost wholly originate in those countries, and that bills are seldom drawn from England upon them?—I think that it must be known to those persons engaged largely in trade, that very extensive credits have been taken from London prior to the parties leaving Europe for distant markets, which answer nearly the same purpose as taking bills from England.

1345. Is not that mode rather the means of carrying on the other operations of drawing from the distant country itself?—The Company are supposed to abandon trade, and still to have a large fund to bring from India to England; now, the consequence of the measures originating in India, and the parties not taking any quantities of money or bills from hence, would be throwing an excessive amount of bills into the market of India, which might so raise the exchange as to force bullion from this market for the purpose of meeting those bills in the event of their not being readily taken out of the market for the Company's remittances to Europe.

1346. Do you not think that if the Company were to abandon their trade with India and China, and that they were to be constantly offering bills drawn on their Indian treasuries for sale in this country, that that would probably give rise to houses established for the very purpose of negotiating such bills, and negotiating such bills with a view to facilitate the mercantile transactions of other houses?—I can only reply by stating, that I still believe a considerable portion of bills could be negotiated in this country in that state of the trade which has been supposed.

1347. Supposing there be any alteration made by which the trade should be transferred from the hands of the Company to individuals, the amount of trade being the same, there must always be the same means of remittance into whosoever hands it may fall?—Certainly.

1348. Although the means of remittance might be the same, should you not apprehend, if the Company were entirely debarred from trading either to India or China, and were left to rely upon remittances by bills from India, or drafts from England on India, the effect of the narrowness of the Indian market and the few houses transacting the business, together with the power they would have from the smallness of their number of combination, and the knowledge of the extent of the wants of the Company, and in many instances of the precise period when those wants occur, would lay the Company too much at the mercy of the combination in their operations?—My original answer was not intended to be confined to the Indian trade, but it was given under the presumption that the Company be debarred from all trade. The imports from China as well as India, about five millions and a half sterling, furnishing the means for making the Company's remittances, I do not apprehend any effect from combination, presuming the Company will at all times order bullion to be transmitted, if bills are not procurable at the bullion rate.

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1349. Do you not suppose that the number of houses, which are now few at Calcutta, would be considerably augmented if the Company were to cease to export from India?—I entertain considerable doubt whether any great increase would take place.

1350. How many houses are there in Calcutta whose bills the Company might be reasonably supposed to take?—I do not believe that the Company will take the bills of any one house in Calcutta without very good security being attached to it.

1351. Is it your opinion, as a merchant connected with India, that the Company could with safety, year after year, take so large a sum as they would require of the houses established in Calcutta without collateral security?—I think they ought not to do it.

1352. If in your opinion it would be necessary in many cases to take collateral security, would it not in fairness, and to prevent reflections upon individual credit, become necessary to make it a general rule that in all cases there should be security?—Certainly.

1353. Could you state how many respectable houses there are in Calcutta?—I cannot answer that question; there have been several respectable houses established since the renewal of the charter.

1354. Do you apprehend that there would be any difficulty in the Company taking security with the bills they might take from these houses?—I apprehend not.

1355. Now, if the advances made by the Company upon bills drawn upon England were secured upon the bills of lading of the cargoes, and the Company were allowed to charge the insurance upon the cargoes, and to insure, would it be necessary that the Company should be very nice in its selection of the houses to which it made advances?—I think it is necessary that all mercantile transactions should be with houses of credit.

1356. But would not the circumstance of the bills being secured by the bills of lading on the cargoes make it much less necessary for the Company to be extremely nice in its selection?—I still think it would be necessary that the Company should act with houses of credit, otherwise they would have imposed upon them the duty of examining more nicely than might be convenient the quality of the goods that were so shipped, and the correctness of the invoice cost.

1357. Supposing the Company not to advance to the full amount of the value of the article shipped, but to the amount only of two-thirds, would not that lessen the necessity of any rigid examination of the nature of the cargo?—The best answer I can give is with reference to our own individual case as merchants advancing money upon goods shipped from this country: it is the credit of the party with whom we act which guides us in our proceedings, and obviates the necessity of that examination as to the quality and price that would attach to a house of an inferior kind.

1358. You have stated that bills from India are available for the purpose of the territorial remittances by means of a security given on bills of lading; do you conceive that bills from China may be made equally available by means of any similar provision?—Certainly.

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1359. Have you considered at all how you could effect that security?—I believe the Company have adopted that system in a limited degree from India.

1360. Have you considered how the territorial government of India could avail itself of bills from China with equal security as upon the bills of lading from India?—That would depend a good deal on the nature of the Company's agency in China. If the Company abandon all connection with China and have no servants in Canton, of course there could be no persons to transact their business; but if they retain any part of their agency in China, either for the purpose of remittances or other occasions, then those parties would have the same power of attending to the securities as they have in the different parts of India.

1361. Supposing the commercial character of the Company to cease, do you conceive that the territorial government of India could establish an efficient agency at Canton for the purpose of effecting the remittances through those bills?—I have not given that subject any consideration; but I apprehend there would be no difficulty in making such an arrangement; the extent of the funds realized in China from India produce being very considerable, and which are necessarily to be returned to the different presidencies of India.

1362. And the returns to India are now made to a considerable amount in bullion, are they not?—There is a considerable amount of bullion sent. I have only seen the last two or three years; but a considerable amount of bullion has been sent from China to Bengal and Bombay.

1363. Is not the balance of trade between India and China considerably in favour of India?—Certainly, so far as it is exhibited by the remittance of bullion.

1364. Would not the necessity you mentioned of the Company's attending to the quality of goods which they should take as security, particularly in China, make it necessary for them to look almost as carefully at those goods, and to have nearly the same establishment for the purpose as if they were making purchases on their own account?—I think not, provided the house with which they were dealing were equally respectable with those with whom they would have the power of acting in different parts of India.

1365. Is it in your opinion probable that houses would establish themselves in a place like Canton of sufficient respectability?—I think so.

1366. When these goods arrive in England, supposing them to arrive to the extent and value to make them efficient for the purpose of the Company's remittances, would it not oblige the Company to keep a large establishment of warehouses of some description, and a large establishment for the transaction of business to receive those goods until the bills were either paid, or security for the payment given?—I should think not; I think the Company should retain possession of those goods in the bonded warehouses of London and the outports, and they should never part with them until the bills be paid: but they should afford to the proprietors in the intermediate time every reasonable facility for the sale of the property.

1367. Taking all the circumstances into consideration, is the Committee to understand that it is your opinion that no material difficulty would arise to the Company's getting home, without trading itself, the means of making their payments in Europe?—Distinctly so; I beg to say that that answer is simply as regards

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regards the remittances, it is no opinion as to the policy of the Company abandoning any part of their present China trade.

1368. Do you consider that the necessity of realizing in England a large amount for the use of the territory has been a great impediment to the growth of a profitable export trade from this country to India?—I do not believe that it has had any such effect.

1369. When this country is required to make a large expenditure upon the Continent, a more than ordinary expenditure on the Continent, has that any tendency to increase the export trade of this country?—If we export a large amount of the precious metals from hence so as to affect materially the prices of this country, and reduce them below the prices of other countries, it is probable that an export of commodities will take place to bring back the precious metals that have been so exported.

1370. And from the cause that you have stated, is not the effect of making a large continental expenditure generally this; to occasion a large increase at the time of the export of commodities?—A large export of commodities may follow from the course I have mentioned, but I am not prepared to answer the question, and say, that such export has been profitable to this country; it may have been so, but I do not feel able to answer the question decidedly.

1371. But has not that reduction of prices of which you spoke, consequent upon a great foreign expenditure, been materially to increase the export to the Continent of our commodities?—I should imagine it may have increased the export of commodities, but it probably diminished the imports at the same time.

1372. If therefore there was occasion, in case of war in India, for a large extra expenditure, should you not apprehend, that from the very cause that you have stated as applicable to this country, it would lead to an eventual large increase of the export of commodities from India to this country?—Does the question mean that we are furnishing the pecuniary means from England of carrying on this large Indian expenditure? If I understand the question, it is this. whether, in the event of a large pecuniary supply being required from England for the purpose of carrying on a war in India, that would not force a large export of commodities from England.

1373. No, the reverse; whether it would not occasion a large export of commodities from India to England, placing England in the situation of the Continent, and placing India in the situation of this country. The question is, in case of a war requiring a large advance to be made on account of the territory of India in this country, whether that would not occasion a large export of commodities from India to England?—I do not consider the immediate export of commodities from India to be a necessary consequence of the case supposed. If bullion were likely to afford a more favourable remittance than goods, in payment of the supplies required from England, then bullion would be sent. It is probable that the effect of such a transmission of bullion would subsequently increase the exports and diminish the imports of India, from the fall in general prices likely to ensue in that country, and thereby cause a return of bullion to the extent previously exported.

1374. Supposing it was desirable upon general principles, upon the renewal of the Company's charter, to put an end to the Company's trade both with India and

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China, might it not be useful to leave them the occasional power of making a remittance by goods, not for the purpose of traffic, but for the purpose of occasionally securing their independence in the markets from which they might have to make those remittances?—I see no objection to the power being left, but I imagine that the Company would never use it if they were debarred from trade generally.

1375. What effect has the exercise of that power often had on the price of the commodities in which they made their investment, as upon indigo?—I think it has not been beneficial.

1376. Has it not had the effect of occasioning the most enormous fluctuations in prices of the commodity, when it was known that the Company were in the market?—I think it is always prejudicial in a great body like the Company acting occasionally upon the market in India, by orders transmitted from this country.

1377. Did this country during war find it necessary to make consignments of merchandize for the purpose of meeting its foreign expenditure?—No, I believe not. I certainly do not think it desirable that the Company should continue purchasers of indigo and other principal articles in India, upon the system which has hitherto been pursued, which has had the effect of raising prices considerably, and thus stimulating an extra production, which, from an unfavourable out-turn attendant upon the sales in this country, has been subsequently checked, the extra quantity so produced thereby occasioning a glut in the market of India, and consequently an undue depreciation.

1378. And if the general rule were, that they were to abstain from making investments of merchandize, would not the effect of their suddenly breaking through that rule have a much worse effect in occasioning a great fluctuation of price than if it was their constant practice to be making investments in any article such as indigo?—I am not prepared to say there may not be occasions when the Company might, beneficially to the public, become purchasers, though I think, generally speaking, that their purchases in India have not been of that character.

1379. Is a practice to be justified, if you can show that in particular instances it might have been productive of benefit; is not the best mode of determining the policy of any practice, to look at the general result after a series of years?—I think it is.

1380. You have stated that the exports from India and China amount to five millions and a half?—I believe them to be about that amount.

1381. Do you remember what the exports from this country to India and China may be?—My information is taken from the year 1828–29; I think in the year 1828–29 they were near three millions sterling to India.

1382. And to China?—And including China, to about 3,700,000 *l.* or 3,800,000 *l.*

1383. And that leaves what?—That leaves about 2,000,000 *l.*; but then you must keep in view that the private merchant acts extensively with the foreigner, and thereby he relieves himself by the foreign trade for that which he would give to the Company as a remittance.

1384. Then if your exports from England were to increase considerably beyond your exports from India to this country, it would throw a difficulty in the way of remittance, would it not?—Except in bullion.

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1385. You say that you expect a large exportation of bullion from India to take place?—Yes.

1386. Has India any natural means, except by its trade, of gaining bullion?—No, not that I am aware of.

1387. Then suppose that there is a great demand for bullion upon India, either unexpectedly or quicker than it can supply the deficiency, what will be the effect on the people of India under those circumstances?—Considerable pecuniary distress.

1388. Would not that pecuniary distress at last amount to an impossibility of further remittance?—No; I believe that it would have the effect of lowering the prices of commodities in India; both those sent from England and those produced in India, until an influx of bullion restored the prices to their former level.

1389. Suppose that the people of India at this moment are taxed to the greatest extent they can bear, and that bullion is exported from India to a large extent, so that all commodities are lowered in price, and they are still obliged to pay in the original sum, will not that have a very severe effect upon the community in general?—It would have a corresponding effect to that which would be produced in this country under similar circumstances.

1390. Will not every thing that facilitates the export of articles the produce of India to China or other countries, be the best mode of relieving them from the danger of such an emergency?—Certainly.

1391. Will not facilitating the export trade of opium to China, and in return for such opium the obtaining large returns of bullion, be one of the most effectual means of preventing India from suffering in the manner presumed by the former question?—China can afford no more to part with her bullion to any unreasonable extent than India; bullion is the regulator of every description of trade throughout the world, and it will regulate the Indian trade, though in the course of that regulation the parties carrying on the commerce of India may occasionally sustain considerable inconvenience.

1392. If bullion is demanded from India as a regular mode of making the remittances to this country, in what manner can India obtain that bullion but by exchanging her produce for the precious metal?—I hold it to be quite impossible that any country ever did or ever can permanently export its bullion.

1393. Do you mean by that answer to deny that a country can permanently continue to export bullion, even in the cases where that country regularly exports either its produce or manufactures in order to purchase bullion?—I mean simply that it cannot continue to export more bullion than it receives.

1394. If China obtains a considerable quantity of bullion, either by means of its mines, or in return for the tea that it exports, and if India sends a large quantity of opium, for which it receives in return a large quantity of bullion from China, may not India continue to export to this country a large supply of bullion?—Certainly; because there is no excess or deficiency on either side.

1395. And will not, therefore, every thing that gives facility to India for obtaining bullion in exchange for opium, or any other of its produce, tend to facilitate the territorial remittance which India has constantly to make to this country?—Every thing that tends to facilitate and promote the trade of India must be beneficial to India, and enable that country more readily to meet all its engagements.

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1396. Are you aware to what extent the trade in opium has been increased since the year 1826 between India and China?—I really have not attended for the last four or five years to the details of trade with India, but I believe that the trade in opium has been very considerably increased.

1397. Are there not some articles of consumption of which the quantity consumed may not always be dependant on the question of price?—Certainly.

1398. May not opium be an article of that description?—Probably it is; the importation into China being prohibited, it is smuggled into that country to a very great extent.

1399. Now spices are articles of that description, are they not: you do not suppose that persons would use spices in any proportion to the diminution that might take place in their value?—I think certain spices would increase very much in point of consumption by reduction of the prices; pepper is an article which would be likely to increase considerably in consumption.

1400. Now for instance, pepper being now at 3 *d.* a pound, do you suppose if it were reduced from 3 *d.* to 2 *d.* it would materially increase the consumption?—It is 3 *d.* without duty; it is the duty that prohibits the use of pepper. If it could be sold for home consumption at 3 *d.* or 2 *d.* a pound, I apprehend a large increased consumption would take place in this country.

1401. Are you aware that the Dutch Company formerly, upon that principle, used to burn their spices, from a conviction that an increase of quantity would produce them no benefit?—That was the notion, certainly.

1402. May not opium, from the nature of the article, and of the impediments put in the way of its sale by the Chinese government, be an article of which the consumption might not increase in proportion to the diminution of price?—The trade of Canton is so peculiar from the character of the government, that there is no article carried to that port which might not be materially impeded in point of consumption.

1403. Are you not aware that opium is an article which becomes so necessary for those who consume it, that when once they begin it they cannot leave it off?—I believe that to be the case.

1404. Without knowing the particular details of the opium trade, are you not aware that since 1826 there has been a very great increase in the consumption of opium, at the same time that the price has fallen?—I do not know that the price has fallen; I believe there has been a great increase in the export from India.

1405. In a country like India, where the people have fixed money payments to make, would not the distress arising from the constant export of bullion take place, before the remedy which you allude to might restate the equilibrium of the precious metals?—I think India would sustain a very considerable degree of inconvenience, from their supply being a distant one.

1406. That therefore, taking into consideration the general condition of India, any system which should constantly expose it to an exportation of bullion, must occasion considerable permanent distress in the country?—A constant exportation of bullion I believe cannot take place from any country; the moment the pressure is felt, that moment the commencement of the remedy arises.

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1407. The question and answer presumes that there will be a distress arising from the constant exportation of bullion; in that answer, you mean that distress would arise if bullion were exported to such an extent as to diminish the quantity required for the currency of the country, but you do not apprehend that distress would arise if there were constant imports beyond the quantity required for the currency, and a constant export of that same excess?—No.

1408. But does not the distress consequent upon the diminution of the currency precede the remedy?—Certainly.

1409. And therefore must be felt before the remedy can come in play?—Clearly so.

1410. Are you aware when there has been a considerable exportation, that the price of bullion has risen in India when the demand has been considerable?—The demand I rather think has been temporary, and during that temporary demand the price has probably advanced. I am not prepared to speak to the present price without reference.

1411. Would not all difficulties thrown in the way of the export trade of opium, very materially tend to prevent the acquiring by India of any surplus quantity of bullion for the exportation?—If you destroy the export trade from India to the place from whence it receives its bullion, so far you injure the power of India to supply bullion to that part of the world where it is required.

1412. And to that extent you would inflict an injury upon the natives of India?—Certainly, always adverting to a surplus export of bullion.

1413. But does not an export of bullion consequent upon a political payment, differ very much in its effect upon a country from any export arising from a commercial payment, in as far as the commercial payment is apt to cease with the difficulty, but the political payment is one which must be made without reference to the means of the country making it?—I do not draw the distinction, because a payment made politically in bullion, has the same effect upon the currency of the country as if made commercially, and if continued will so contract the currency of that country as to affect the whole of its prices.

1414. But does not that suppose that that country has some production which other countries must take?—There is hardly a country in the world the productions of which will not find a market at a certain value. If a country is supposed to have no productions, then there is an end of the power of payment. Bullion can only be taken as the medium; the payment must be made by the industry of the country; and I can draw no distinction between the payment such as the Committee alludes to, namely, a political payment by India, or a payment for foreign war by England. If our expenditure on the continent of Europe be thirty millions or fifty millions in the year, it is quite impossible to furnish that in bullion, and therefore by the same reasoning, I maintain it is quite impossible for any other country to continue to furnish politically any payment of bullion that the produce of that country will not re-supply.

1415. Applying the case to a very poor country like Norway, and supposing Norway to have a political payment to make of two millions and a half, would any effort that those people could make, raise anything which the world would take in fulfilment of such a payment?—If Norway has nothing to offer in payment of those

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those continued remittances, there is an end to the existence of Norway as a nation : if she has no productions, the money is tantamount to production as long as it exists; when that is gone, there is an end of her power to pay.

1416. Then would follow an absolute inability to make the payment?—Yes.

1417. Is there not therefore an end to the principle, that there must be the means of making any payment for which there is an obligation, but that it must depend at last upon the ability of the country to produce those means?—No country can pay without the means of paying.

1418. Your theory then is that it is not finite?—My opinion is more practical than theoretical; theoretically, the Committee are right in the mode in which they put the question; but practically speaking, I doubt whether every country which has the power or the credit to incur a debt such as the Committee allude to as being required to be paid, has not within itself the means of payment from its own industry.

1419. In what respect does the tribute which India pays differ from the remittances which Ireland has to make to the resident absentees in this country?—I do not imagine there is any material difference.

1420. And the greater the tribute any country has to pay, whether it be a political payment, or whether it be rents, the greater the necessity, is it not, for giving to that country every facility for disposing of its produce for the purpose of making good such payment?—Certainly.

1421. If this country were to prevent the export of the cattle or the butter to this country from Ireland, would there not be the greatest difficulty to the Irish of making good their payments?—I suppose so.

1422. Upon the same principle, every thing that tends to prevent India from disposing of her opium, must tend to prevent her making good the political payment to this country?—Every thing that tends to check the trade in the productions of India, is certainly prejudicial with reference to its engagements.

1423. The exports from India and China to England being five millions and a half, and the returns from England to India and China three and a half, it would appear that that leaves a surplus of two millions only for territorial remittance to England; but in considering the whole territorial power of remittance, must you not take into account the balance of the trade between Calcutta and Canton?—The power of remittance is intimately connected with the whole trade between foreign countries and India; the balance of the trade with China, so far furnishes the means of remittance in bullion. There are three millions and a half of exports from England to the different presidencies of India, and China; and the returns from thence to England are about five millions and a half, to which is to be added the balance of the foreign trade with India, as part of the means for furnishing the remittance which the Company require.

1424. But then beyond it, do you not conceive that the return in bullion from China to India would be available as a territorial remittance to England?—It facilitates the operation of the whole trade.

1425. And must you not take it into account in considering the balance of remittances?—It is taken into account. The trade between India and China is merely one of an internal character (if I may use the expression); the bullion brought

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brought back from China, if it be brought back to India, facilitates the remittance of bullion from Bengal to Europe or to England; that is merely part of the general trade of India.

1426. Supposing the private trader to be admitted to a participation with the Company in the China trade, are you aware of any peculiar disadvantages to which the private trader might remain subject, arising out of the system upon which the Company's trade is carried on?—If the question refers to any supposed inconvenience which the private trader would sustain in the port of Canton connected with the Company, I am not prepared to say he would sustain any inconvenience; but if I were to give an answer upon a more enlarged character, it would be that he is under great delusion as to the real advantage to be derived upon opening the trade with the port of Canton, particularly so far as regards the export trade from England in manufactures, and from other parts of Europe in articles of general produce for sale in Canton, for the purpose of purchasing the return cargo. I am disposed to think that he will not find that beneficial market which he contemplates for European articles; and as regards the article of tea constituting his return cargo, he will sustain this further inconvenience: the East-India Company, under the regulations of the existing charter, are called upon to hold a very large stock (I believe a year's) in advance. Now, the consequence of that system will be, that after having sustained the natural effects of competition in the purchase at Canton (on advanced prime-cost), he will be met in this market by the Company's stock, which must necessarily be brought into the market for sale, when no longer required by law to retain it in the warehouses. Therefore, while the private trader is bringing by competition an article of a high cost from China, he will be met in this market by a double quantity, and consequently a low price of sale.

1427. The difficulty you have mentioned would apply only to the first few years of the opening of the trade?—Only to the first two or three years.

1428. Would it not also apply to the importation from the continent of Europe when tea is at a remarkably low price, even under what it cost in China?—All the import, whether it be from the Continent or from China, or from the Company's warehouses, will meet in this country to the prejudice, while it lasts, of the private trader.

1429. What is your opinion with regard to the increased consumption in this country, supposing that the price of tea were to fall to a very great extent?—I believe you might increase the consumption to almost any extent.

1430. What is the reason that it is decreasing in America, where the price is very low?—Perhaps they like coffee better. I only refer to this country where the consumption is so universal among the lower orders, and I believe (though I speak subject to correction) that our importation is principally of the lower quality of tea. Seeing the manner in which the common people in this country consume tea, and the price they pay for it, there appears no reason to suppose that, if they could obtain double or treble the quantity at the same price, they would not take it.

1431. Now, suppose that some of the tea imported by individual merchants should prove to be of very inferior quality, so that the people of this country

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became disgusted with it, is it then your opinion that they would continue to drink tea, and that the consumption would increase?—I think that question would principally apply to the higher class of persons, and which relates, I believe, to the smallest part of the consumption.

1432. Are you aware that on the continent of Europe, for a considerable number of years past, the consumption of tea has been gradually decreasing, and that the whole imports of tea to the continent of Europe, by sea, does not exceed eight millions of pounds annually?—I am not aware of the actual quantity consumed on the continent of Europe. I have always understood the beverage of the continent of Europe has been principally coffee, and therefore they have taken tea more as a substitute for coffee than from any particular partiality to the commodity.

1433. You are not aware that the quantity of tea that has been consumed on the Continent has been decreasing rather than increasing?—No, I am not aware of that circumstance, but I can very easily understand it would be so from the extreme cheapness of coffee.

1434. Are you aware that the price of tea on the Continent is extremely cheap also?—Yes; but still coffee has fallen in that degree that it will enable all persons to double their consumption.

1435. Though in this country the coffee has also fallen to the same extent of cheapness, yet the tea has been, from some circumstances, continuing to increase in its demand?—Coffee has also increased in this country, but the consumption of both tea and coffee has, I imagine, been increased by the low prices at which they are afforded to be sold.

1436. Are you aware that by reducing the duty on coffee to one-fourth, the consumption of coffee has increased twenty fold?—I believe it has increased very largely.

1437. Do you believe any people in the world drink a worse article in the shape of tea than our poor people in most villages in England?—I believe it is very bad indeed.

1438. Supposing that the Company, by any arrangements it could make, were to transfer a portion of its territorial payments from England to India, the necessity of remittance from India to England would remain the same, but as the Company itself would have fewer remittances to make, would not the danger that has been apprehended by some of a combination amongst the merchants to enhance the rate of remittance, be much diminished by so diminishing the payments to be made in England?—I have always considered it to be a matter of surprise that the Company have not long since transferred part of those payments to India; I mean payments to officers on furlough, and retired civil and military servants, &c, which will amount to half a million, if not more.

1439. If there be any danger to be apprehended from a combination on account of the large payments to be made, would not that danger be diminished to the extent of the amount to be transferred?—Certainly.

1440. This would be another mode, then, in which the Company, if it gave over trade, might assist itself in making remittances from India to England, by diminishing the amount to be remitted by itself?—Certainly, it would not only diminish the amount to be remitted, but at the same time would tend to a better regulation of the exchange.

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1441. Do you think it likely that a country like India shall be drained to the extent of two or three millions every year for the purpose of political payments to another country in Europe for which it receives no equivalent, without gradually and certainly impoverishing that country?—I think the power of production in India is so great, and the commodities themselves are so valuable, that there is never likely to be any difficulty in making the required payments through the commercial products of the country.

1442. Although that may afford the means of making the remittances, does not the necessity of one country making an habitual and perpetual political payment, for which it is to receive no equivalent, produce the impoverishment of that country?—Not if it is made in the articles of production of that country; I think it is evident that the money levied in the shape of tax upon the population of India, is re-expended in the productions of India for which a demand arises in Europe, and therefore, though the drain to a certain extent does exist, still it is so small as not materially to affect the prosperity of the country.

1443. Does it not amount to this, that it becomes a tribute in kind, and would not France, for instance, if a tribute were imposed upon France, payable in a given quantity of wine and oil every year, for which no equivalent was returned, would not that have the same tendency to the impoverishment of the country upon which that tribute was imposed, in the same manner as if it were paid in money?—Not to the same extent, because the actual expenditure in growing the wine and oil will remain in France.

1444. Supposing therefore the perpetual condition of the relation between India and Europe to be that that country is to make a political annual tribute, does it not bring with it a condition of a perpetual injury to that country to the extent of making it almost impossible for it ultimately to bear it?—No, I think not, I think the pressure is on the individual tax payer; I think he is the person who is prejudiced and damnified by the sum he pays, but the agriculturist who produces the indigo or the silk, is paid for his labour and for the production of those articles, through which the payment of the tribute is made.

1445. But as between country and country he has to give the value for which he receives no compensation?—Therefore that part of the population which pays the tax suffers to the extent of their payment.

1446. In what respect does that differ from the remittances constantly made from the agricultural part of the country to the residents in great towns for the rents: does it not entirely depend upon the proportion?—Certainly.

1447. The proportion which such remittance bears to the value of the whole annual produce of the country?—I do not think it has any material effect on the real prosperity of a country.

Sabbati, 17^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

II.
FINANCE

17 March 1832

T. L. Peacock, Esq.

THOMAS LOVE PEACOCK, Esq. called in and examined.

1448. WHAT office do you fill?—Senior Assistant Examiner in the East-India House.

1449. Have you turned your attention particularly to the subject of steam navigation in India, and between India and Europe?—I have.

1450. Will you state your opinion of the route by the Cape of Good Hope, especially with reference to the voyage of the *Enterprise*?—I will state what the *Enterprise* did. She left the land on the 16th of August 1825; reached Calcutta on the 7th of December 1825; that was 113 days (of which she was 103 actually under weigh) from the land to Diamond Harbour. She used both sail and steam. The greatest run by sail in 24 hours was 211 miles; the least, 39: the greatest by steam assisted by sail, 225; the least, 80: the greatest heat in the engine-room during the voyage was 105 degrees, the air at the same time being 84 degrees and a half. The total distance was 13,700 miles, and the consumption 580 chaldrons of coals, being nine chaldrons per day for 64 days, the rest being under sail.

1451. What was the power of the engines?—One hundred and twenty horse power. The speed of the engines in calm weather was eight knots an hour, the log giving nine, from the wash of the paddles. The speed of this voyage was not considered sufficient to warrant the expense and trouble; and it does not appear that any very much better results can be expected, because of the difficulties of getting relays of coals, and the time that must be wasted in getting them. There was, however, a proposal to go by this route in 60 days in a vessel of 1,000 tons, to carry 800 tons of coal, and not make any stop between London and Calcutta; that is the greatest speed that has been proposed.

1452. Can you offer any opinion as to the party who made the proposal?—I forget who it was, but I think it was Mr. Perkins. I should think the accomplishment of the proposal not very probable; the only advantage that it seems to me can be got from steam round the Cape is, to have steam-engines of about 30 horse-power fitted into sailing vessels, to cross the variable winds.

1453. How many steam vessels would be necessary to accomplish the communications with India upon that plan?—I cannot state that with any certainty. I think that route is not advisable by steam. Mr. Waghorn was very confident he could do it in 80 days, and Mr. Perkins, I think, in 60. It would be necessary in the case supposed, of fitting sailing vessels with small engines to cross the variable winds, to have reefing-paddles, fastened with chains instead of bars, which could be folded up flat; that could be done in a few minutes, and has been done in some of the American vessels.

1454. Will you state your opinion of the route from Bombay to the Red Sea and Alexandria?—The great objection to that route is the enormous expense of it. The
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coals burnt in the Red Sea cost about 7*l.* a ton. Every vessel that is employed will cost 25,000*l.* a year, at the very lowest calculation; and four are required on each side of the isthmus.

1455. Do you suppose the coal in that case to be sent from England?—I have calculated almost every manner in which it can be sent. Sent from Alexandria to Suez, or from England direct to the Red Sea, or from Bombay to the Red Sea, it comes to very nearly the same.

1456. Do you take into the account the supply of coals from New South Wales, which is now abundant?—No, I do not.

1457. Can you get any supply of coals from the Persian Gulf?—No, I should think not.

1458. Do you not consider that the steam-boats would be of great use in the navigation of the Red Sea?—They are almost the only vessels that can navigate the Red Sea with any certainty, in any reasonable time; they are the only vessels that can keep the middle of the sea, and the sides are full of coral reefs.

1459. Will you state what, in your opinion, could be done to facilitate the transit of goods and passengers over the isthmus of Suez to Cairo, and from Cairo to Alexandria?—It will be as well, first, to state what has been done by the *Hugh Lindsay* steam-boat. She has made three voyages from Bombay to the Red Sea. The first, in March and April 1830, occupied 33 days to Suez; 20 days working, and 13 at anchor; the distance being 3,000 miles by the nearest admeasurement, and increased by going out of her way for coals: the return was 37 days; 20 days working, and 17 at anchor. The second voyage was to Cosier, not to Suez, from the 5th to the 27th of December 1830; the actual distance she went over was 2,830 miles in 17 days, and five days detained at anchor, getting in coals principally. The third was from Bombay, in January this year, but we have not the day; that was to Suez: we know that she arrived there on the 4th of February, but we do not know what day she left Bombay; I believe it was in the first week in January. She is not considered one of the best possible boats for the purpose, being rather a heavy sailer, and carrying only five days' coal; she has 120 horse-power. With respect to the transit of the isthmus, it is 70 miles from Suez to Cairo, which is usually performed on camels; from Cairo to Alexandria by land, 140 miles by the nearest route; 250 miles by the river, and round by Rosetta. There is a canal, but it is not in general use at present; it is not in good order, it is not available for steam vessels. From Cosier to Suez by sea is about 300 miles; from Ghenna to Cairo, which is the parallel part of the Nile, is about 450. The land journey from Cosier to Ghenna is 120 miles. The north wind blows down the Gulf of Suez 10 months out of the 12, all the months except December and January, which makes it advisable rather to go by Cosier. At the mouth of the Red Sea the winds blow from the south-east from October to June, and from the north-west chiefly in the other months; at Socotra, from October to May the winds are east, and from May to October, west. The port that was most used by the Romans was Berenice; this is 200 miles from the Nile; but it is said to be still the best port in the Red Sea, though it is not used; it is entirely deserted. That route would give the advantage of reaching the Nile above Thebes, which would be an attraction to passengers.

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1460. Is there any town at Berenice?—No; there are some ruins. When the French were in Egypt, they surveyed the old canal from Suez to the Nile, and they calculated the expense of re-constructing it; they thought it would be better, in consequence of the great shallowness of the Mediterranean north of Suez, to re-construct the canal from Suez to the Nile, to deepen the bed of the river, and to re-construct the canals of Cairo and Alexandria. They estimated that the whole of the expense would be in English money 1,200,000*l*.

1461. Will you state what you know as to the practicability of re-opening the canal directly across from Suez to the Mediterranean?—The French survey gave the level of the Red Sea at high water, 30½ feet above the Mediterranean; the low water, 25 feet above the Mediterranean.

1462. That would not require above four or five locks?—Four locks, perhaps.

1463. What is the nature of the soil?—It is almost all sand. The sand does not drive on that side of Egypt as it does on the side of the Libyan Desert, as I am informed.

1464. Is not the bed of the old canal remaining?—A great deal of it. There are in one place 25 miles of continuous water, called the Basin of the Bitter Lakes.

1465. Can you state the whole distance across the isthmus in the direction of the old canal?—One hundred miles, I think, as nearly as possible, from Suez to Pelusium.

1466. Have you seen any estimate of the expense of completing the old canal?—I do not recollect any separate calculation of it; but I suppose, in proportion to the expense I have stated, about 700,000*l*.

1467. Are you aware what was the reason of the French preferring the direction of Suez and the Nile to the bed of the old canal?—Yes; because the Mediterranean is so shallow near the coast; but they thought at the same time that they might keep up a perpetual stream from the Red Sea to scour a channel. This canal, which existed in the time of the Ptolemies, had of course no locks, as the use of them was not then known: it was available only when the water of the Nile was as high as that of the Red Sea.

1468. You collect that from the natural features of the country?—Yes; not from any specific historical information.

1469. The Nile rises at Cairo 17 feet?—The French survey gave 25 feet. When it passes to the mouth, it must almost have acquired the level of the Mediterranean.

1470. How did it happen that the rush of water through the canal did not keep it clear?—The communication from the Red Sea was in fact with the Pelusiatic branch of the Nile, which is now closed. The level of the High Nile at Cairo, as given by the French engineers, is higher than the Red Sea: taking the Red Sea at zero, the High Nile at Cairo is 10 feet above it, and the Low Nile 15 feet below it, and the Mediterranean 30½.

1471. Are there any steam-boats on the Nile?—I believe not.

1472. Would the navigation be favourable to the use of them?—Only for part of the year; from August to March, most probably.

1473. Are you aware that one portion of that course has now been completed, by opening from Alexandria to the Nile the communication intended in that survey?

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survey?—I know there is a canal from Alexandria to the Nile ; but two years ago we asked some questions, and were informed that it was not at all available for steam-boats.

1474. Will you state what has been done by way of the Persian Gulf and the Euphrates?—Nothing has been done ; that is all matter of speculation at present

1475. What is your opinion as to what might be done in that direction?—From Bombay to Bussorah is 1,600 miles ; from Bussorah to Beles on the Euphrates is between 900 and 1,000, and to Bir is 100 more.

1476. Is the river navigable?—It was in ancient times, and it has been found navigable by all who have ever visited it in modern times : it has not been recently much used for navigation from Bir to Hillah ; it was very much used by travellers from Europe in the 16th century. From Hillah to Bussorah it is still used.

1477. To what point do you say that the river is navigable by boats, and of what size?—It is navigated now by vessels drawing six feet water, almost all the year round, from Bussorah to Hillah. The upper part of the river, above Hillah, is said to have more water and deeper banks.

1478. Is that navigated?—It has been navigated in former times very greatly.

1479. Is it now filled up?—No ; it is only the distracted state of the country that prevents its being navigated now. The general depth of it is 10 feet wherever it has been examined, except in two places ; those two places have about four feet water in a dry season, except in an extraordinarily dry summer. These are Thapsacus, and, if I remember rightly, Alalis.

1480. What is the line with the Mediterranean which you propose to communicate with Bir?—From Beles to Latichea by Aleppo, which is the best route and I believe the best port, is 160 miles, and from Bir to Scanderoon, over the mountains, is 120 ; that route has fine scenery, but I believe it is a troublesome road. It has been recently said that Beirhoot is the best port ; but that would involve a journey across the Desert, by Damascus and Palmyra, to Hillah. The distance would be considerable from the Mediterranean to the Euphrates, but I have not computed it. This opinion in favour of Beirhoot I met with only very recently. The reason that recommends Beirhoot as the Mediterranean port is, that there are coal-mines there.

1481. Is there any supply of coal on the route from Bussorah?—There is no coal, but a great deal of very available fuel. There is a great deal of wood on the Euphrates, and of bitumen, which is produced principally at Hitt ; the two together make an excellent fuel, which is much used for furnaces. The bitumen is continually boiling up on the surface of springs, and is gathered in great quantities : they use it, mixed with camels' dung as well as with wood, in that part of the country, as fuel.

1482. What is the distance from Aleppo to Bussorah, by land?—It is stated at 718 miles.

1483. What would be the difference in time between the two routes?—I can give no opinion upon that. That the shortest way in time would be to go from the nearest point of the Mediterranean to the Euphrates, and then descend the river, is an opinion which has been strongly expressed in general terms by travellers in Syria.

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1484. The Euphrates was the ancient route from the Mediterranean to Babylon?—
Yes. Herodotus says, those who go to Babylon from Greece, go from the Mediterranean to the nearest point of the Euphrates, and descend the Euphrates to Babylon.

1485. What is the nearest point?—The nearest point is probably Bir.

1486. What was the freight of boats in the time of Herodotus?—He says 5,000 talents in weight; that the boats which came from Armenia, bringing their produce to Babylon, brought 5,000 talents in weight, which was about the freight of the largest Thames barges, 128 tons.

1487. Do you remember what was the strength of the expeditions of Trajan and Julian?—They brought very numerous vessels down the river with all the munitions of war for very large armies; they constructed the vessels of the wood which they found in Armenia.

1488. Do you conceive the Tigris would form any part of the route which might be established?—No, certainly not; you might go by the Tigris from Bussorah, to Bagdad, and cross to Hillah. The Tigris is navigable from Diarbekir to its junction with the Euphrates.

1489. What is the strength of the stream of the Euphrates?—About three miles an hour. There is another land passage from Beles to Aleppo and Antioch.

1490. What is the distance of that?—It would be a good deal nearer than Latichea; it would be a better place, but the mouth of the Orontes is choked by a bar, which it would require some expense to remove. It would be the best of all routes if the Orontes were made navigable to Antioch.

1491. Do you conceive this route would be at all dangerous from the interference of the Turks and Arabs?—That is the great difficulty.

1492. Do you know any way in which that difficulty can be overcome?—I do not know any means with the Arabs, but by paying black mail to the chiefs; the Turks would most probably co operate with us. Those who have been in that country are not afraid of the Arabs; they say they are a very peaceable and well conducted people.

1493. Do you conceive there would be any objection to the adoption of this route, arising from the example we should be setting to Russia?—No, I think not; they will find it out for themselves without our showing them the way, if they can get anything by it: they are generally beforehand with us in ascertaining the capabilities of countries.

1494. What do you conceive to be the best Russian routes to India?—The one they think most of at present is the one by the Oxus: they prefer this to the route by Persia, Alexander's route, in which they would suffer by the want of water. They have been surveying the Oxus with great care, and all the country to India. They would go by the Wolga into the Caspian Sea, across the Caspian to the gulf of Mertvoy; then there are 100 miles of land to the sea of Aral; then there is the navigation of the Oxus by Khiva, as far as Balkh: they are establishing a military colony at Khiva, and there is a great deal of navigation now on the Oxus.

1495. Any steam navigation?—No; but I believe they have steam navigation in view: there is a great deal of coal about the sea of Aral.

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1496. Have they steam navigation in the Caspian Sea?—I believe they have; I know they have on the Wolga.

1497. Would it be practicable for them to reach India by the route of the Euphrates, without complete naval possession of the Gulf of Persia?—That would depend upon what force we had in the Gulf; they could come down the Euphrates or the Tigris on rafts, which could be put together in great quantities with great rapidity. If we had not a great naval force in the Gulf to meet them at Bussorah, they might establish themselves at Bussorah: of course they would require ships to proceed, but they might establish themselves at Bussorah very easily.

1498. Must they not have previously collected a fleet of ships at Bussorah?—They could not proceed from Bussorah without ships, of course; but they could build ships at Bussorah with timber floated down from Armenia, and we could not easily dislodge them from Bussorah, if they had once established themselves there.

1499. Do you conceive that steam navigation would be practicable and advantageous in the Euphrates?—I think it would be very practicable, and more advantageous than in the Red Sea to this country, because it lies more in the way of all our local interests in the East; I mean, that we should pass through the Persian Gulf instead of the Red Sea.

1500. Upon the whole, to which of the three courses to which steam navigation can be rendered available, should you give the preference?—I should give the preference to that by the Euphrates, if it could be rendered safe from the people.

1501. You do not think it can be practicable for the purposes of commerce, but merely for the purposes of communication?—If there is any commerce in Georgia and Armenia, it would open the way to discover it.

1502. You do not conceive that the trade between India and this country could be carried on by that channel?—No.

1503. Do you not conceive that if the canal projected by the French from Suez to Alexandria, or if the other canal from Suez to the Mediterranean, were to be re-opened, the trade between this country and India might be carried on through that channel?—Yes, with a ship canal. I think if it were once in existence, that that would be the best channel of all for steam navigation.

1504. Supposing that canal to be carried into execution, would not that be taking back the European trade with India into the Mediterranean, where it was before the discovery of the passage of the Cape of Good Hope?—It would so.

1505. And necessarily give an advantage to Marseilles and all the French ports of the Mediterranean, and all those parts of Europe, in that trade?—Yes, that is to be feared, certainly; and I believe our Government has never been friendly to that canal; it has always been said to have opposed it.

1506. Would it not be a longer passage in point of time than the ordinary passage from India to England by sea?—I am not prepared to say that; it would most probably shorten the time from England to India.

1507. With respect to passengers, would it not materially facilitate the communication in point of time for individuals going to India?—Yes, certainly, very greatly, by steam navigation; and perhaps by sailing vessels.

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1508. Would not the line of communication by the Euphrates, if it became important as a commercial line, be very insecure, inasmuch as the Russians, or any other power, might easily dispossess us of it?—I think if we had it we could keep it.

1509. Why do you think if we had it we could keep it; by what means, in case of any hostile force seeking to interrupt that line of communication?—I have not considered it very attentively; but with the co-operation of the people of the country, which is implied in the supposition of our being there at all, I think we could easily retain a military possession of the upper part of the river.

1510. Though that might enable us to prevent other persons navigating the river, would it enable us to do so?—If we commanded it at Roomkala, which is above Bir, where the banks are rocky and high, I do not think the passage could be forced by anything coming down from Armenia.

1511. Are you not aware that in the Desert there are robbers; there are so many independent bands of robbers, that each boat would be required to carry a guard?—That is what we have to fear; but those who have been in that country say that the danger is exaggerated.

1512. Can you speak to the time which either of those communications would take by the Gulf and the Red Sea?—If we are to judge by experiments, we might get despatches by the Red Sea now in two months, but not in less; that has been done.

1513. When they come by the Red Sea, do they come up to Suez?—Whether by Suez or by Cosier, the despatches are sent on by expeditious messengers.

1514. In order to secure that, must they not sail from Bombay with a favourable wind?—Yes, it is only done in favourable seasons.

1515. That passage can take place only in certain seasons of the year?—No; but on those occasions they have lost a good many days in taking in coal; they have gone in three weeks of actual work, but they have lost one or two more in taking in coal. If matters were well arranged, and with a better steam-boat than the *Hugh Lindsay*, I think letters might be brought, in favourable seasons, in six weeks from Bombay to London.

1516. Supposing a steam-boat at Alexandria to start at its arrival?—Yes, supposing every thing in the most favourable light.

1517. Have we not a steam-boat now to Alexandria?—I think only to Malta.

1518. What is the mean length of the passage round the Cape to Bombay?—I cannot state.

1519. What is the shortest time?—Letters have been received in three months. The most expeditious voyage between England and India was, I believe, that of the Company's ship *Marquis of Wellington*, Captain Alfred Chapman, to Calcutta. She passed the Lizard Point on the 10th of June, and saw Point Palmiras on the 30th of August 1829, being 81 days from Point to Point.

1520. What is the shortest time of a letter ever sent over-land by Bussorah?—I cannot speak to that decidedly, but I do not think letters have been received in less than two months in any way. I can find no evidence of even so short a time by land. Since 1801, the shortest interval between the date of an over-land letter and

and its receipt is in 1802, when a letter, dated in Bombay, February 22d, was received in London on the 23d of May.

1521. Can you calculate in what time, supposing all things most favourable, letters could be sent by the Euphrates?—I think, making the best possible use of every circumstance, we might get to Bombay in five weeks from an English port.

1522. What course would you take in that case?—I would go across France by land to Marseilles or Trieste; thence by steam to Latichea; thence by land to Beles; thence by steam, down the Euphrates, to Bussorah; thence by steam again to Bombay. I am supposing all circumstances most favourable. This is not so sanguine a calculation as that made by Mr. Elphinstone's government, when they first proposed the navigation of the Red Sea. They calculated it would be done in very little more than a month; they allowed about a fortnight from Bombay to Suez, and about a fortnight from Alexandria to England; altogether, 34 days; 31 days for the sea voyage, and three days from Suez to Alexandria.

1523. You think the route of the Euphrates, if all circumstances were favourable, would be the shortest passage for passengers or letters?—I think, but it is only an opinion, that it would be the shortest in time, as it certainly is in distance.

1524. There would be a danger of interruption?—Yes, that I have mentioned.

1525. In point of expense?—I think, in point of expense, it would be much cheaper than the route by the Red Sea.

1526. Why?—Fuel would be cheaper; and river steam-boats are in all respects cheaper than sea steam-boats.

1527. What do you suppose would be the difference between the return from Bussorah up the Euphrates, as compared with the voyage; would not the return-voyage be very difficult and tedious?—The return-voyage would of course be longer; but I think the average time the *Hugh Lindsay* has lost in getting coals in the Red Sea would carry a steam vessel from Bussorah to Beles.

1528. Is there at present any regular means of communication by the Euphrates?—A great deal of trade is carried on from Bagdad to Damascus by a line which crosses the Euphrates at Hillah; there is a great deal of trade from Bussorah to Hillah on the Euphrates, and from Bussorah to Bagdad on the Tigris.

1529. Is any part of that trade conducted by Englishmen?—I believe none at all.

1530. Of what articles does it chiefly consist?—That I cannot say.

1531. Do you apprehend that a letter sent from England by the Euphrates would reach this country?—No, not unless sent by a special messenger.

1532. Would not the liability of those countries to the plague form a considerable impediment to the establishment of permanent commercial communications in that direction?—Certainly; but if we had both communications, I believe we might avoid the plague, for it is said to visit the same place only once in seven or eight years; and having the choice of both routes, might take either the one or the other.

1533. Can you state what is the ordinary route by which over-land despatches now come from Bombay?—They come in various routes: they come sometimes by Diarbekir and Constantinople; I believe that is the route which is preferred.

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I made a memorandum three years ago of all possible routes; I will specify the principal from London to Bombay. By Venice, Constantinople, Aleppo, the Great Desert, and Bussorah, 4,804 miles: by Vienna, Constantinople, Diarbekir, Mosul, Bagdad, and Bussorah, 5,116 miles: by Venice, Alexandria, and Suez, 5,492 miles.

1534. Will you state what are the objects which it has been proposed to accomplish by means of steam navigation in the Ganges?—For the conveyance of public treasure, of commissariat and military stores, of medical stores, of troops, of junior officers, who are generally sent up at the charge of the government; of stamped paper, and of small parcels of various descriptions. The Bengal government is now at an expense of about four lacs, or 40,000 *l.* a year in boats on the Ganges alone; and it is supposed that the same objects can be accomplished more expeditiously, more cheaply and more safely by means of steam-vessels.

1535. Is it considered that steam navigation could be rendered useful on that river for commercial purposes?—Not for the conveyance of anything but packages of moderate size. They do not expect to be able to send bulky merchandize by it, nor to send letters; they do not expect sufficient expedition to supersede the common dawk.

1536. They could send such articles as opium and indigo?—Yes.

1537. Will you state the particulars of the voyage of the *Hooghly* up the river to Allahabad?—The distance is 800 miles from Calcutta to Allahabad, through the Bhagaruttee River, which was performed in 20 days of 12 hours each day; that was the first voyage. The boat has two engines of 25 horse-power each; she is 105 feet long, 18 wide, 158 tons burden, and 4 feet draught.

1538. What is the ordinary time by other boats?—Some of them have been as many months as she was weeks; she was three weeks.

1539. The ordinary time would be three months?—Yes. She has been four voyages up the Ganges; the first by the river Bhagaruttee, the second and third by the Sunderbunds, the fourth by the river Jellinghee. The Sunderbund passages make the distance to Allahabad about a thousand miles. The Government is constructing a canal which makes a very straight route across the Sunderbunds to that part of the Ganges where the Upper Sunderbund passage opens; the canal is from Calcutta to Koolnah.

1540. How many tugs were attached to the vessel?—She had no tugs on her first voyages; she went up as a common steam-boat; but some experiments have been tried with her as a tug at Calcutta. She acted as a tug up the Ganges on her fourth voyage only, when she drew the Governor-General.

1541. Had she not three boats attached to her?—I believe she had. The Company is now having steam-boats built here for the Ganges, which are to be constructed of iron.

1542. How much draught of water?—They are to draw two feet water. There is to be a steam tug-boat and an accommodation-boat, both of the same dimensions, 120 feet by 22 feet wide, flat-bottomed.

1543. Was the *Hooghly* built at Calcutta?—Yes; and the engines were of course sent out from England. The iron tug-boats are to have two engines of 30 horse-power each, with vibrating cylinders, which diminish the weight of steam-engines

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engines one-third. The tug-vessel, with the engines and the coal, will draw two feet water, and the accommodation-boat with 65 tons of cargo, will draw two feet water.

1544. These are principally for passengers?—They are, and for the purposes already mentioned.

1545. Are not these the description of boats which have been found so successful in the navigation of the Rhine?—Of the Seine: they are on the same principle of construction. The steam-boat is to be iron as well as the other.

1546. Have you seen any calculation of weight drawn up the Seine by boats constructed upon this principle?—No; these boats are intended to navigate the Ganges in the dry season; the Hooghly drawing twice as much water as these boats will draw, was not able to navigate the Ganges in the dry season, only in the rainy season.

1547. How far would she be able to navigate the river above Allahabad?—Above Allahabad there is a very great rapid for six miles; that rapid being surmounted, they would have a considerable navigation; I believe these iron vessels could navigate the river to Furruckabad.

1548. Have you formed any opinion to what extent steam navigation can be carried on the Ganges and Jumna?—No, I do not know the extreme height to which they can go.

1549. Suppose occasional interruption from the rapids to be surmounted, would not almost the whole of the river navigation of the Ganges and the Jumna become navigable for steam-boats?—Yes, I should think that the iron steam-boats would surmount any rapid in the Ganges or Jumna. The Hooghly is not a vessel for the purpose.

1550. Are the two boats now constructing in this country intended for the navigation of the Ganges?—Yes, there is to be a trial pair constructed first; they are to answer certain conditions with respect to speed and draught, and to be tried in the Thames when completed, which will be in two or three months, if these answer, four pair are to be sent out to India.

1551. How many will there be then on the Ganges?—The Hooghly and the Blurhampooter will be withdrawn from the service of the upper part of the river, and be applied to the lower part of the river.

1552. State any estimate you may have formed of the charges, and the probable receipts?—The total charge is estimated at about 40,000 *l.* a year, to accomplish the same objects for which the Government now expend about that sum. It is supposed that a capital of 86,000 *l.* will be sunk on the first establishment of the steam navigation. Allowing on this sum 20 per cent. for wear and tear and interest, then the whole of the expenses together will be about four lacs, or 40,000 *l.* a year. The Government expends that sum now upon the navigation of the Ganges for its own purposes, and it is supposed that the public will defray a part of the expense of the steam-boats, by using them for the conveyance of treasure and small parcels.

1553. Is it contemplated that private individuals or private companies will be allowed also to start steam-boats, if they think proper to do so?—Yes, certainly; the Company is only doing it to show an example to private individuals.

1554. It

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1554. It is not calculated the Company shall have a monopoly of steam-boat navigation?—No, they do not wish it; they think it the duty of Government to set an example.

1555. The Enterprise, when she arrived in Calcutta, was sold to Government?—Yes.

1556. Was it not found of great use in the course of the Burmese war?—Yes, of very great use.

1557. Do you not conceive that steam navigation might be applied with great advantage in the Indus?—I think so, certainly; the Indus is perfectly navigable from the sea for at least 1,000 miles, on all its branches; the Indus itself, and all the five rivers of the Punjab.

1558. Do you conceive it possible to establish a navigable communication between the Sutledje and the Jumna?—I think it possible, but it would be very expensive. It is possible to make a canal, I have no doubt.

1559. What is the distance?—That would depend upon the point to which they are navigable; the waters of the two rivers approach within a degree, but I do not know whether they are navigable so high.

1560. What is the shortest distance between the two nearest navigable points?—That I cannot say.

1561. What is the nature of the intervening country?—In the upper parts it is very hilly, and lower down it is all sand: the canal must be made between the hills and the sand. There are a great many streams which lose themselves in the Desert.

1562. Can you state the highest point to which the Sutledje is navigable?—I cannot.

1563. Does the difficulty of the rapids apply to the Jumna or to the Ganges?—They are on the Ganges, for six miles above the confluence of the Jumna.

1564. How far can you get up the Jumna?—I cannot say; there are a great many rocks in the Jumna, and operations have been carried on to blow them up.

1565. Has any survey been made of the Jumna, from its junction with the Ganges at Allahabad up to Delhi?—I know it has to a great distance, and I think to Delhi; Captain Irvine brought me a very long roll, with all the rocks and places laid down. The whole of that distance, whatever it was, was navigable, and is navigated.

1566. Are you aware whether, at any period, the commerce of the Company extended up the Indus?—No; but I think they had a factory at Tatta many years ago.

1567. Is there any harbour for ships at the mouth of the Indus?—No; it is a bad entrance: it goes into the sea by many mouths, and they are none of them very good. One, which is the most practicable, sends out a long arm of sand into the sea parallel with the line of the river.

1568. Will you state what means there are of obtaining fuel for the steam navigation, either between Europe and India, or in India?—The coal sent to the Red Sea is usually coal which has been imported from England to Bombay. Cutch coal has not been found good for steam-engines. Coal has not been discovered anywhere on that side of India good enough for steam-engines. The Government has proposed

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proposed to the Court to send coal direct from Newcastle or Liverpool to Socotra or Mocha.

1569. You are not aware that the New South Wales coal has yet been tried?—No.

1570. Is there no wood?—No; there is no fuel about the Red Sea.

1571. From what part is coal obtained in India?—The Burdwan coal is the best, I believe.

1572. Is not that brought down at a small cost to Calcutta?—The price at Calcutta is 10 annas per bushel, that is ten-sixteenths of 2 s.

1573. Why is not the supply from that source adequate to the general demand for the use of steam-vessels?—It would have to be sent round from Calcutta to Bombay. At Bombay they prefer the English coal, and have found it cheaper and more available.

1574. In Calcutta they use none but the Burdwan coal?—I believe not.

1575. Did they ever make the experiment of importing coal into India from New South Wales?—Not that I know of.

1576. Have you ever seen any estimate of the expense which would attend that experiment?—No.

1577. Is there any coal in the vicinity of the Punjab rivers?—I am not aware, but I should think it probable.

1578. You do not know that there is?—No, I do not.

1579. Are there any other peculiar sources of expense attaching to steam navigation in India, which do not attach to steam navigation in other parts?—No, nothing but the fuel. There is of course the expense of sending out the engines to India, as they must be made here.

1580. Is there any fuel in the Indus?—Wood, I should think a great deal; there was anciently.

1581. How would the fuel be supplied upon the Euphrates?—If we send coal to Bussorah from Bombay, it might be sent by native vessels going in ballast for horses; these vessels would carry it very cheaply; there would not be the same expense for freight as to the Red Sea.

1582. This would be English coal?—Yes; the principal expense of the Red Sea coal is the freight and the danger of loss.

1583. Is not freight from England to Bombay considerable?—Yes, but not anything like the expense from Bombay to the Red Sea.

1584. Why is the expense from Europe inconsiderable?—It is inconsiderable in proportion to the other. I think I can state what the coal will cost going from London: it will cost 30 s. put on board here in the river, per ton; 40 s. for freight to Bombay: it would cost 50 s. for freight to the Red Sea; it must go in sailing vessels, which must go for the express purpose, and can bring nothing back; a great deal of it would be lost, perhaps one-third or one-half, by sending it in sailing vessels, and its being obliged (as in fact it has been already) to be thrown overboard in rough weather. Then it is deposited at Aden or Mocha, where there is a very great expense both in landing it and getting it back again on board the steamers. Taking all these things together, the whole expense of coal in the Red Sea is about 7*l.* a ton.

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1585. Can you state the probable expense to Bussorah?—I think English coal, sent to Bussorah in the way I mention, would cost about 4*l.* 10*s.* per ton; it would be taken in ballast.

1586. Can you state what would be the expense of coal for the navigation at Calcutta?—Ten-sixteenths of 2*s.* per bushel.

1587. How many bushels go to a ton?—Twenty-seven. The consumption of coal in a steam-boat is a bushel an hour to every ten-horse power, of the very best coals; of course of inferior coals the consumption is greater.

1588. Have they used wood at all from the Sunderbunds?—The Sunderbunds are entirely forest; but coal is always better when it can be procured. It is easily conveyed to the Sunderbund stations.

1589. Is not the steam navigation of the Mississippi entirely effected by means of wood?—Entirely.

1590. Have you attended at all to the effects which have followed from the introduction of steam navigation into the great rivers of America?—I have; it has made the fortune of the western territories.

1591. Do you see any reason why the introduction of steam navigation into the great rivers of India should not be followed with effects as extensively beneficial as have resulted from its introduction in America?—I think it would be very extensively beneficial in India, and everywhere where there is good government, that is, where there is Government that gives peace through the whole course of the river. It will be worth while to state what is done on the Mississippi in point of time. The steam-boats go up the river from New Orleans to Louisville, 1,430 miles, in 12 days; it has been done on one occasion in eight days and two hours; the fare of the boats is 35 dollars for a cabin passenger, including all expenses, and 10 dollars for a steerage passenger, which is reduced to eight, if he will give his assistance at the wood stations to bring the wood on board. Before there was steam navigation on the Mississippi, the boats of the upper country were usually sold at New Orleans with the cargo, and the crew travelled back by land through the swamps and forests. Sometimes the boat was worked back, and the voyage to Louisville often occupied nine months. On the Hudson river, from New York to Albany, they go up 145 miles in 12 or 13 hours.

1592. Do you recollect the currents?—The current of the Mississippi is four miles an hour, in the strength of the stream, on the average of the year.

1593. What is the strength of the current in the Hudson river?—I do not know.

1594. In speaking of the navigation of the Ganges, you speak of their going 12 hours in each day; are you aware that the steam-boats in the Mississippi and in the Hudson go by night as well as by day?—Yes, they do.

1595. Why do they not in India?—Because the Mississippi is uniformly deep; but the Ganges abounds with shallows.

1596. Are you not aware that the Mississippi is full of what are called snags and sawyers?—Yes; those are trees anchored by their roots in the bed of the stream, but they guard against that danger by what is called a snag chamber, a false bow; in the head of the tree strikes through it, the chamber fills with water, and there is no injury.

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1597. You do not think the Indian rivers, from the dangers you state, would be capable of being navigated by night as well as by day?—No, for there could be no dependance on the channel.

1598. Will that remark apply equally to the Indus?—No, I should think the Indus might be navigated by night.

1599. The great use of steam-boats in the Indus would be to carry passengers up the stream, who might have brought down goods upon rafts?—It would be one great use; the same as on the Euphrates in former times.

1600. You think the steam-boat navigation might be extended up the Ganges and the tributary streams as far as good government extends?—Yes, and two feet water.

1601. Upon what other rivers do you conceive the steam navigation might be introduced, besides the Ganges and the Indus and their tributary streams?—The Burhampooter; I cannot speak to any other. I have inquired about the Nerbudda and Kistna, but I cannot find any probability of their being navigable.

1602. How far has the Burhampooter been tried?—I believe a steam-boat has gone up that river to a certain extent; but it would be practicable as far as the river Dihong, which is supposed to be the main stream of the Burhampooter.

1603. Do you mean that it is known to be navigable only so far, or that it may be navigated further?—It is known to have been navigated so far; it may be navigable further.

1604. Have not the steam-boats been found extremely serviceable to Government for the purpose of communication along the coast, from one part of the country to another?—They have not used them very much for that purpose yet; they have not derived much service from them except during the Burmese war; they have not derived much service from them as sea-going vessels, but the vessels themselves have not been good for the purpose. The Indian governments have not in their possession a single sea-going good steam-boat but the *Hugh Lindsay*.

1605. If there were good boats you anticipate great benefit from them?—I do not think that sea steam-boats are of so much importance as river-boats; the Americans do not use them much as sea-boats.

1606. Is there much communication by sailing-boats with the natives from one place to another?—Yes, a great deal.

1607. Might not good sea-going boats be useful for that purpose?—Sea-going boats might be very useful in carrying on communication from Calcutta to Madras. For short coasting voyages by sea, where there are good harbours, steam-boats might be useful; but the great use of them would be in rivers. Steam-boats are much used for towing vessels down the Hooghly.

1608. Would not the means which the steam-boats would afford of transporting troops in a given time from the east to the west render it possible to reduce the number of troops in the Western Provinces?—Certainly, I should think they would. With respect to steam-boats for towing vessels to sea, the Government employs its own vessels, and hires them to individuals. There are some private steam-vessels. The Court directed the Bengal government not to undersell private persons in their hire; not to bring the Government into competition, and injure individuals by making the charge too low.

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1609. How many steam-boats are there now at Calcutta, whether belonging to Government or belonging to individuals?—I cannot answer as to individuals, but I do not think the Government has above six or seven in all; one or two of these are at Bombay.

1610. Are there steam-boats belonging to individuals, as well at Calcutta as Bombay?—There are at Calcutta; I am not aware of any at Bombay: they are principally used for towing vessels to sea.

1611. Can you state any number they do not exceed?—No, I never saw it stated; but the number is not considerable.

1612. Do you know how many days' sail it is from Bombay to Tatta?—No.

1613. With the exception of the probability you have mentioned of wood being to be procured on the Indus, must not, in your opinion, the whole of the steam-boat navigation upon the western side of the peninsula depend entirely upon coal from England?—Yes, unless they can find a better coal than they have found in Cutch; they have found a great deal of coal, but not good.

1614. Do not you consider that that necessity will make it very difficult to extend, in that part of India, steam navigation to any great degree?—Yes, I think so.

1615. Is it quite ascertained that the coal is of such bad quality that it could not be used for steam-engines?—Yes; it contains a great quantity of earth.

1616. To what extent has the coal been worked?—It has been worked some years; they have been trying for some years to discover new qualities of it. From having found a great deal of very bad coal, they have been hoping to find better.

1617. Has any scientific man been employed to search for coal?—One of the Company's officers, who seems very well qualified for it. There has not been much geological survey, except in the Himalaya mountains.

1618. Is there much internal navigation up the Ganges and Jumna, as well as down?—Yes, a great deal.

1619. Are there many instances of boats on the Ganges having been plundered from the banks?—Boats with treasure have been plundered. Treasure is generally sent with a havildar's guard.

1620. Will not a steam-boat afford its own protection?—Yes, it is so expected.

1621. Are you aware that at the present moment there is difficulty in Europeans, traders, proceeding from Calcutta upwards; is it not requisite they should have licenses?—Yes, I believe it is strictly requisite they should have licenses; but I believe they do without them.

1622. Is it not a regulation that no European shall proceed 10 miles from Calcutta, without having a regular leave given him by the Government?—Yes, there is such a regulation, but I believe it is not much attended to.

1623. Would it not be better, if a regulation is not acted on, to abolish the regulation?—That is part of a great question; but so long as it exists, even if not acted on, if any serious inconvenience arises from its being infringed, the Government has it in its power to remedy the inconvenience.

1624. Does not the dread of any such authority being exercised, and the party having no security, prevent the establishment of steam-boats, or any other permanent establishment, where an outlay of capital would be necessary to carry it into effect?

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effect?—Probably it may have that effect; but the practical effect of the regulation is mostly to coerce the most disorderly persons.

1625. Do the natives take much interest in the introduction of steam navigation?—I believe they stare at it very much in the upper country; I am not aware that they take any other interest in it.

1626. They have not, in any instance, speculated in that way?—I believe not.

1627. What are the principal articles of trade carried up or down the Ganges?—The principal articles brought down the Ganges are opium, indigo, grain, dyes, drugs, oil seeds, cotton, silk, sugar; all sorts of agricultural produce. The principal articles sent up the Ganges are salt, as far as Benares; metals, wines, muslins, furniture, European goods of all kinds, as far at least as Furruckabad on the Ganges, and Agra on the Jumna.

1628. How do you account for individuals not having established steam-boats for the navigation of the Ganges, when so many years have elapsed since the great utility of the steam navigation of the American rivers has been so well understood?—They have been afraid of the expense, I conceive, for they have been permitted, and, I believe, encouraged to try it; but the Government felt it necessary to try the experiment themselves, with a view to setting an example.

1629. Do you believe that the non-establishment of steam-boats by individuals may have arisen at all from any difficulties interposed by Government itself, or its officers, to allowing individuals to form such establishments?—No, I do not; I do not think that the Company have prevented it by any of their regulations; I do not believe that steam navigation would have been established on the Ganges at all, unless it had been done by the Company themselves.

WILLIAM CABELL, Esq. called in and examined.

1630. WHAT situation do you hold?—I am in the Secret, Political and Foreign Department of the India Board. I have been 32 years in the service; 18 years I served in the Secret and Political Department, under Mr. Jones. In 1818 I was promoted to the head of a department, from which period to 1828 I had charge of the Military Department, and from that time I have been at the head of the Secret and Political Department. It has been my practice, in reading papers, to make notes of circumstances which appear to be of importance, from which I have selected a few passages with regard to the commerce of India.

*William Cabell,
Esq.*

1631. Has not Dr. Richardson proceeded on a mission to the northern Laos from Moulmeyne, one of the places lately obtained from the Burmese; and what is the result of that mission?—Dr. Richardson received an overture from the Zunmay chiefs in March 1825, another in 1828, and one in December 1829: the letter expressed a readiness and anxiety to receive at his court any British officer Mr. Maingy, the Commissioner of the Tenasserim Provinces, might depute. Dr. Richardson left Moulmeyne on this mission on the 11th of December 1829, and had an interview with the Chief of Lahang, the 21st of January 1830. In regard to the result, Dr. Richardson states as follows: “If a communication could be opened with the Chinese by this route, our trade would be increased to an unknown extent, from the facility with which the traders transport their goods on small horses, asses,

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and mules, 15 or 20 of which one man can take care of." Dr. Richardson has since received an invitation to renew his visit next season; I have not heard that he has actually paid that visit, but the following is described by the Bengal government in March 1831, as the result of the first mission : " Upwards of 1,000 head of cattle have been procured for the use of the European troops at Moulmeyne, and as many more are on their way from the same quarter. It is expected that we shall gradually get into communication with those chiefs."

1632. Are the cattle said to be of a serviceable description?—They appear only to be for food for the European troops.

1633. Have not increased facilities of late been afforded to the trade with Ava through Arracan?—Yes; Major Burney, the resident at the Burmese court, has succeeded in getting the duties on the trade placed upon the same footing as those at Rangoon. Major Burney states, under date 9th October 1830, that " the king has consented to take off three per cent. of the duties now levied, and to issue the strongest injunctions to the local officers to charge no more than 10 per cent., and to avoid giving any trouble or molestation to the Arracan traders." In regard to this trade, Major Burney says, (on the 31st January 1831), " that a very large party of Arracan traders had just arrived, and brought such an extensive supply of piece goods and other merchandize, as to lower the prices in the market ruinously."

1634. Can tea be obtained in any quantity from China through Ava?—Major Burney states that some samples of black tea were brought to Ava from China; and he observed, " Did the Company's exclusive privilege admit of it, I conceive that this tea would form a good article of exportation for the consumption of the poor both in England and in India." Major Burney, under date 26th January 1831, mentions the arrival of a Chinese caravan at Ava, said to consist of 1,000 horses and mules, and to have been 22 days coming from a place called Thengye, about 25 days journey from Yunan. He adds, in respect to the tea above mentioned, " that the article in use at Ava does not come from China, but from Mogoung, whence I should think it would not be difficult to draw large supplies into Bengal from Munnypore. The position of Thengye, with reference to the head of the Salien, would lead me to believe that it would not be difficult to attract these Chinese traders to Moulmeyne, along the banks of that river." Under date the 3d February 1831, he gives the following additional particulars in regard to the Chinese caravan : " I again visited the Chinese mart at Mahé to-day. The number of traders has much increased, and more are still expected; yet those who have arrived appear to have disposed already of their merchandise, and I found them busily engaged in preparing the cotton wool into small parcels, as loads for their mules and ponies. . . . Among the articles not sold I was surprised to see four or five pieces of green and yellow broad cloth, which had the Honourable Company's stamp attached, and which had evidently been imported at Canton. The head of the caravan told me, that it had cost $2\frac{1}{2}$ ticals a cubit, in the part of China whence they had brought it, but that here they could not get two ticals a cubit for it. I was desirous of obtaining possession of the piece of lead on which the Company's arms were stamped; but the trader objected to its being separated from the piece of cloth, showing the value which the Chinese must have for cloth bearing this stamp."

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1635. Is it stated in what province this tea was grown?—I am not aware; but a sample of it was sent home to the Court of Directors by the Bengal government, with a despatch dated 11th February 1831, which was received here on the 9th of August 1831.

1636. Have any regulations been recently made by the Burmese in regard to the trade between Ava and Rangoon?—Major Burney, in December 1830, writes: “I have succeeded in persuading the Burmese ministers to fix a regular scale of duties and choki fees to be levied from traders and boats leaving Ava, and to furnish me with an authentic list of the same;” that is, on the export trade from Ava to Rangoon. The effect of the residence of a British officer at the court of Ava, in respect to trade, is described in the subjoined extract from Major Burney’s journal of the 27th January 1831: “M. Lanciogo (a foreign European, who holds an appointment under the Burmese at Rangoon) arrived from Rangoon this afternoon, having left that place on the 27th ult. He came with a large fleet of boats, and told me that he had brought up a larger collection of duties from Rangoon for the king and queen, than what had been brought for two years before by the native collectors. He had with him upwards of 25,000 pieces of cloth; and as the king’s duty is 10 per cent. in kind, this shows an importation of 250,000 pieces during the three months that M. Lanciogo has been at Rangoon. The importation of British goods into this country, and particularly into the capital, have been vastly increased since the residence of a British officer here.”

1637. Is there any information in the records of this office with respect to the trade of the Russians with Central Asia?—We have the following information from an authentic source; it is dated 15th February 1830: “With the exception of the few vessels belonging to government, the vessels on the Caspian Sea may be denominated as mere coasting craft. The insignificance of this shipping has lately been animadverted upon by the government, and an attempt has been made to encourage its improvement, by inducing the trade between Nigne Novogorod and Georgia to be conducted over sea by the ports of Astrachan and Bakire; for hitherto the Armenian and Georgian merchants of Tiflis, prejudiced against maritime affairs, have preferred a land-carriage through the passes of Caucasus. The trade stated to pass through Semipolatsk, is not exclusively conducted with Independent Tartary, a part of it being directed to Cashgar, in the empire of China. No part of the trade with Tartary is carried on beyond the frontiers of Russia by any others than natives of the khavats of Bochara, Khiva, Khokand and Tarkand, all undertakings of the kind having been found by the Russian merchants since many years not only insecure, but likewise involving their personal safety. An attempt was made in 1824, as a trial, to conduct to Bochara a Russian caravan, which was formed under the special protection of the government, and accompanied by an escort of 500 troops, under the command of Colonel Solkosky; the expedition having crossed the desert of Keril Cozeim, was attacked at Boukan by a numerous body of Khivians, and eventually obliged to effect a hasty retreat back to Russia, after having abandoned the whole of the property. The caravans of Bochara, in times of danger, are obliged, instead of proceeding straight to Orenburgh or Troctia, to direct their route more to the eastward, in order to avoid the incursions of the Khivians. The Kirghier of the Steppes are the general carriers; and it is to be borne in mind, that the

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the principal circumstances of the trade are connected directly or indirectly with the great annual fair of Nizhny Novgorod. The Russians have no establishments whatever either in the Aral Sea or on the eastern coast of the Caspian. The shipping belonging to the Russians in the Caspian Sea, in 1829, was 149 vessels, tons 12,822; other vessels 232, which are mostly fishing craft. In 1824, the shipping was 201 vessels, tons 10,764. In 1825, there arrived 191 vessels, tonnage 9,278; departed 241 vessels, tonnage 11,148. The account from which these numbers are taken specified the whole trade from the Russian ports in the Caspian. In 1826, arrived 150 vessels, departed 160. In 1827, arrived 242 vessels, departed 285. In 1828, arrived 307 vessels, departed 318. The exports from the Russian ports in the Caspian in 1824 were 130,178 *l.*; imports the same year, 170,984 *l.* In 1825, exports, 110,835 *l.*; imports, 162,589 *l.* In 1826, exports, 73,035 *l.*; imports, 170,867 *l.* In 1827, exports, 149,944 *l.*; imports, 183,351 *l.* In 1828, exports, 161,776 *l.*; imports, 234,930 *l.*"

1638. What are the principal articles of those exports or imports?—Grain, flour, salt, sugar, tea, copper, iron, sundry metals, skins, hides, dyes, cotton and silk goods, cotton twist, woollen goods, hardware, earthenware, trunks and canteens, madder, shawls and sashes, dry saltery, fish, furs, and Russian cloths.

The following is stated to be the value of the trade of Russia by caravans, with the states of Independent Tartary. In 1824, exports, 151,348 *l.*; imports, 150,915 *l.* In 1825, exports, 180,206 *l.*; imports, 269,234 *l.* In 1826, exports, 165,994 *l.*; imports, 255,870 *l.* In 1827, exports, 242,366 *l.*; imports, 303,822 *l.* In 1828, exports, 273,006 *l.*; imports, 268,947 *l.*; and the principal articles of export and import on the caravan trade, besides those mentioned in the preceding answer, are the following, namely, camels, horses, cattle, fruit, seeds, spices, tobacco, drugs, goats' hair, beads, and coral. I have also the names of the custom-house barriers on the Russian frontiers, lying between the Caspian and Semipalatinsk, which are Orenberg, Orak, Herk, Oural, Kamilkol, Gourief, Troitska, Vercho, Ouralzveringolol, Petripavlosk, Presnoger, Nicolayef, Omsk, Ustkamenogur, Kirskef, Bucktarmin and Kizliar. There is also a journal of the arrivals and departures of caravans from and to the states of Independent Tartary during the year 1829, and their description, from which it appears, that there arrived altogether 860 carts, 2,390 camels, and 14 pack-horses, and departed 6 carts and 2,820 camels, besides a caravan, the numbers of which are not stated. The arrivals appear to have generally taken place between the months of January and June, and the departures between July and December. Those caravans do not proceed beyond the Keighiz-steppes, where they carry goods to be bartered against sheep or wool.

Lunæ 19^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

WILLIAM CABELL, Esq., called in and further examined.

II.
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1639. Has any experiment been recently made by the natives of India to introduce goods into Central Asia, and with what success?—Yes; Lieutenant Conolly, who has travelled into India from Persia, through Central Asia, met with a native of India, named Syeed Mohun Shah, who accompanied him in his route to India: this person had carried an investment of broad cloths, chintzes, cambrics, long cloths, satins, &c. from Bombay, *via* Bayla and Cutch, to Candahar and Cabool, where, though he had to pay during his route duties amounting to about 12 per cent., he disposed of his goods, some at 200 per cent. above their price at Bombay. Russian manufactures of the same kind sold at much lower price.

1640. What are the routes by which the produce of India is conveyed into Central Asia?—There appear to be two principal routes by which the produce of India and the manufactures of England are conveyed into Central Asia. One from Shekapoor, on the west bank of the Indus, to Candahar and Heraut, by the road travelled by Lieutenant Conolly; the other from Cabool over the Bamian mountains to Balk and Bokhara. To Shekapoor merchandise is carried by two routes, one by water from Bombay and the Malabar coast, up the Indus, through Scind to Bukhur (the ancient capital to the Sogdi), distant about 12 miles from Shekapoor. The other from Delhi, *via* Hissar, Anvopghur, and Buhawulpore, to Bukhur. It appears that the Afghan merchants bring about 600 horses annually to Bombay by water, together with rock-salt, tobacco, assafœtida, opium, and Heraut carpets. On their return, these merchants take with them broad cloth, chintzes, cambrics, satins, and other European manufactures, together with sugar from the Malabar coast. The high duties levied by the ameeers of Scind, have caused the trade to fall off considerably; but the customs of Shekapoor, reduced as they are, produce yearly about 50,000 rupees. On the road from Delhi, *via* Buhawulpore, little traffic appears to be carried on at present, owing, Lieutenant Conolly imagines, to the exactions practised by the chiefs of Buhawulpore and Bickaneer, the first of whom is said to levy 13 rupees, and the second 11 rupees upon every camel load from Buhawulpore. Lieutenant Conolly, instead of following the route of Mr. Elphinstone through the Desert, *via* Bickaneer and Chooroe, turned off the Bickaneer road at Peerwala, and proceeded direct east, *via* Jamgur, Phooluree, Anoooghurh, Holwana, and Bunga, to the British frontier near Hissar, a distance of about 178 miles. This road is described as running immediately to the north of the Desert, and dividing the barren from the cultivated country. Large towns were continually passed, grass and water (the latter very deep below the surface) were in abundance, and “many thousands of camels and cows were pastured in the jungles.” The whole of this route from the Indus to the British frontier, is described to be in the best order, and entirely free from robbers.

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Lieutenant Conolly thinks that it is only the heavy duties which prevent merchants from going by this route, and that if the chiefs of Bickaneer and Buhawulpore (who are said to be devoted friends of the British Government) were shown the impolicy of such high levies, they would readily attend to suggestions for opening this channel of commerce.

1641. Is there any opening for the trade in the northern provinces of Persia, by the Black Sea?—Vice-Consul Brant, in a letter dated 20th January 1831, says, “The Persian merchants at Erzeroum are anxious to see European establishments nearer their country than those of Constantinople and Smyrna, but they all asserted that Erzeroum was a point more suited to them than Trebizonde, because the latter lying out of the route to Constantinople, would lead them a long round if they could not suit themselves there to their satisfaction; whereas if they could not do so at Erzeroum, they would proceed on their way without having lost anything. The trade of Erzeroum has suffered much since the Russians evacuated the country, and took with them about 50,000 families from the Turkish territories, chiefly Armenians and artisans. Erzeroum offers a point from whence to communicate readily with Tabreez or Constantinople. With Bagdad, Damascus, and all parts of Syria, the communication is kept up by frequent caravans. The same conveyances afford an easy access to Kars, Van Durbekir, Erzingian, Tocat and Angora, while European merchandise may reach Erzeroum, at a moderate expense, through the port of Trebizonde, and the same channel is the most economical for the exportation of the products of Anatolia and Persia. There always has been an active intercourse with Tiflis; but the late cession of Ahkeska to Russia, connects Erzeroum with Georgia, for the settlement at Ahkeska of all the Armenian emigrants, will render that place an object of equal interest to Tiflis and Erzeroum. There can be little doubt that the establishment of European houses of commerce would draw wealthy and industrious people to Erzeroum. As a step towards the formation of a trade at Erzeroum, a consular establishment there is indispensable; but time only can prove the propriety of making that or Trebizonde the principal residence, because it is difficult to say at present which may ultimately become of most importance. I am convinced that a very extensive consumption of articles of the manufacture of Birmingham may be introduced both for Persia and the interior of Turkey. This branch has heretofore been exclusively in the hands of the German manufacturers; an opening also for the sale of cloth, and perhaps of silk and other articles.

1642. Are there any impediments to the navigation of the Indus?—Captain Pottinger remarks, that the enormous duties levied by the ameeers of Scind at the mouth of the Indus, together with the unsettled state of Afghanistan, have rendered the commerce merely nominal. Salt, saltpetre, grain, and firewood, are occasionally brought down to Scind in flat-bottomed boats; but upon these articles every petty chief through whose territories they pass, levies a high duty. In consequence of this state of things, merchants from Bombay are obliged to convey their goods into western Hindostan by a tedious land route from Surat and Palee, instead of by the rivers of the Punjab. European stuffs and chintzes are said to be in great demand, both in the Punjab and in Cabool. The Afghan merchants who bring fruit to Delhi, take back European manufactures which have travelled by the circuitous route of Calcutta and the Ganges. The consequence of the closure of the
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the Indus has been, that the Afghans depend chiefly upon Russia for their supplies of broad cloth, chintz, &c. which are imported from Balk and Bokhara, or from Candahar and Meshd. Lieutenant Burnes, who has navigated the Indus from the sea up to Lahore, states, "there are political obstacles to using the Indus as a channel of commerce; the people and princes are ignorant and barbarous; the former plunder the trader, and the latter overtax the merchant, so that goods are sent by land, and by circuitous routes. The absence of trade arises from no physical obstacles, and is to be chiefly traced to the erroneous policy of the Scind government. There are about 700 boats between the sea and Lahore, and this number suffices for ferrying and all other purposes." Of the trade of the Indus, he states, "it is such as an evil government might lead one to expect. Excepting the rice produced on its own banks, there are in fact no exports whatsoever, and the merchandize that is brought into the country is landed at Curachie." It does appear remarkable, that the principal port of Scind should be Curachie, when its rulers are in possession of the Indus; but it is easily explained. Curachie is only 14 miles from the Pitter or western mouth of the Indus, and there is less labour in shipping and unshipping goods there, than in carrying them by the river from Daragee or Shahbunder in flat-bottomed boats. Curachie, on the other hand, can throw its imports into the peopled part of Scind without difficulty, by following a frequented and good level road to Tatta. The unshipment too at that port supersedes the necessity of shifting the cargo into flat-bottomed boats; and the actual distance between Curachie and Tatta (about 60 miles) is half exceeded by following the windings of the stream to any of the bunders in that Delta. As the ports in the river and Curachie are both subject to Scind, it is conclusive that the seaport has advantages over those of the river, which have led to their being forsaken by the navigator. In former years, before Curachie was seized by the Scindians, the exports from the Delta were considerable, but since then all articles of value are brought to Curachie by land, and there shipped. The opium from Malwa is never put into a boat but to cross the Indus on its way to Curachie. Lieutenant Burnes again observes, "With regard to the trade of this country, it may be said there is little or none any where but at Curachie. The Indus is as if it existed not, and the grain is sent by it to the Delta, and advantage is taken of the river to convey goods to Hydrabad; the imports are landed at Curachie, and the most valuable export, which is Malwa opium, is shipped from the same port. The merchants, in prosecuting their journey to Candahar and the upper provinces of the Indus, quit the Scindian territories with all despatch. The only encouragement which the chiefs give to trade is in opium, a drug on which duty is levied to the exorbitant extent of 250 rupees on each camel load; the revenue from this article alone amounted last year to seven lacs of rupees, a sum equal to the land revenue of the Hydrabad ameer."

1643. What are the advantages likely to result, if the navigation of the Indus river were to be opened?—It has been remarked in a memorandum which has been received from India, that the opening of the navigation of the Indus would apparently be beneficial to the Sikhs, Afghans, and to the Bokharans, as well as to Great Britain and India; and the successful speculation of Syeed Mohun Shah, the companion of Lieutenant Conolly's journey, gives ground for believing that

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English manufactures, when brought into competition with the Russian, would in a few years completely drive the latter from the markets not only of Afghanistan, but of all Central Asia.

1644. Is there not a statement of the nature of the trade carried on by Scind contained in one of the despatches of the India Board?—Yes, there is; it is as follows: “The soil of Scind, which is watered by the Indus, is described to be extremely fertile. Cattle, serviceable horses, and camels, more celebrated than any in the East, are said to be produced there in abundance. The exports of indigenous produce are represented to consist in saltpetre, cotton, rice, and various grains; and a valuable transit trade in shawls, opium, and horses, is also carried on.” The opium of Malwa is well known to have found its way through the Scindian territory with insurable certainty; and Mr. Baker, in his evidence before the House of Lords, has stated that a trade is maintained between Scind and Malabar. It has sometimes been affirmed that Scind is a country so deficient in resources and security as to be incapable of external commerce; but the above statements, all drawn from competent authorities, abundantly disprove such allegations.

1645. Is there any and what information in regard to the inland navigation of the Indus, its depth of water, the number of boats upon it, and the period occupied in a voyage from the sea to Lahore and back; also in respect to the tides of the Indus?—The following information is obtained from Lieutenant Burnes, who has been up the Indus as far as Lahore: “There is an uninterrupted navigation from the sea to Lahore; the distance by the course of the river amounts to about 1,000 British miles. It is a fact worthy of record, with regard to the river Indus, that those mouths which are least favoured by the fresh water are easiest accessible to large vessels from the sea, for they are more free from sand-banks, which the river waters, when rushing with violence, never fail to raise: thus the Buggarn, which is full of shallows, has a deep and clear stream from Daragee to the sea. The Hooghly branch of the Ganges is, I believe, navigable from a similar cause.” With respect to the depth of the water, it is said, “The Indus, when joined by the Punjab rivers, never shallows in the dry season to less than 15 feet, and seldom preserves so great a breadth as half a mile. The Chenab or Acesines has a medial depth of 12 feet, and the Ravee or Hydrastesis about half the size of that river. These are the minima of soundings on the voyage, but the usual depth of the three rivers cannot be rated at less than four, three, and two fathoms.” With regard to the boats on the Indus, Lieutenant Burnes states, “This extensive inland navigation, open as I have stated it to be, can only be considered traversable to the boats of the country, which are flat-bottomed, and do not draw more than four feet of water when heavily laden; the largest of these carry about 75 tons English. Science and capital might improve the build of these vessels; but in extending our commerce or in setting on foot a flotilla, the present model would ever be found most convenient. Steam-vessels could ply if constructed in this manner, but no vessel with a keel could be safely navigated.

“The traffic on the river, commencing from its very mouth, is carried on in flat-bottomed boats called ‘doondees.’ These boats are large and unwieldy, they never exceed 100 kurwars (50 tons), and yet they only draw when laden about four feet of water; they have two masts, the large one in front; they hoist their

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their sails behind them to prevent accident, by giving less play to the canvas. The foresail is of a lateen shape; that aft is square and very large. With these set they can stem the current, in a good wind, at the rate of three miles an hour. We came from the sea to Hydrabad in five days. When the wind fails, these boats are dragged, or pushed by spars, against the stream; with ropes they can be pulled a mile and a half in the hour, and they attach these to the mast-head to have a better purchase. The helm is shaped like the letter P, and in the larger vessels is managed by ropes from each side; at a distance it seems quite detached from the doondee. These vessels are also furnished with a long supple oar astern, which they work backwards and forwards, the steersman moving with it on an elevated frame; it reminded me of what I believe is called sculling. It is possible to impel the doondee with this oar alone, and nothing else is used in crossing with the different ferry-boats. When coming down with the stream, this oar, too, is again in requisition, and they work it to and fro to keep the broadside of the vessel to the current. In descending the river, the masts are invariably struck, and the helm even is stowed away. I can compare these boats to nothing so correctly as the drawing of the Chinese junks; the largest are about 80 feet long and 18 wide, shaped something like a ship, high astern, and low in front, with the hull slanted off at both ends, so as to present less resistance to the water. They are floating houses, for the people who navigate them take their families, and even their birds and fowls along with them. All the boats on the river, large and small, are of the above description. In navigating the doondee, the boatmen always choose the shallow water to avoid the rapids of the river. At present there are not vessels sufficient for any considerable trade; between the capital and Tatta they do not exceed 50, many of them small and used for fishing, others old and worn out, that cross the stream in certain places as ferry-boats; encouragement would soon remove this.

“From Bukhur the Indus is navigated by a different description of boat from the doondee I have already described; it is called ‘zohrug,’ and of an oblong square shape, rounded fore and aft, built of the talee tree, and clamped with pieces of iron instead of nails; an operation which is performed with great neatness. The zohrug is flat-bottomed and has only one mast; some of them exceed 80 feet in length and 20 in breadth. They pass through the water quicker than the doondee, and are as roomy before as astern. They are not numerous, but we met 95 of them in our voyage to Mittun. I cannot understand by the description of boats which Alexander used for transporting his cavalry, any other than these zohrugs, for Arrian describes them as of a round form, and says they received no injury when the long vessels were wrecked at the junction of the Hydaspes and Aresines. Their peculiar build is doubtless owing to these rapids, which they have to traverse. We made the passage in these boats from Bukhur to Mittun in nine days, a distance of 170 miles by the river. The timber of which the boats of the Punjab are constructed is chiefly floated down by the Hydaspes from the Indian Caucasus, which explains satisfactorily the selection of it as a naval arsenal by Alexander, in preference to the other rivers, by either of which he might have reached the Indus without a retrograde movement. There are but few boats in this river; about 50 are used in the salt trade at Pindée Dadun Khan, some of

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which carry 500 maunds of salt, and exceed 100 feet in length, being built like the zohrug, rounded at both ends : they do not hoist a sail, and can drop down with the stream from the mines in 12 days to Mooltan, passing in safety the conflux above described.

“ The voyage to Lahore from the sea occupied exactly 60 days, but the season was most favourable, as the south-westerly winds had set in, while the stronger inundations of the periodical swell had not commenced. We reached Mooltan on the fortieth day, and the remaining time was expended in navigating the Ravee, which is a most crooked river ; the boats sailed from sunrise to sunset, and when the wind was unfavourable, were dragged by ropes through the water.

“ A boat may drop down from Lahore to the sea in 15 days, as follows : to Mooltan in six, to Bukhur in four, to Hydrabad in three, and to the seaports in two. This is of course the very quickest period of descent ; and I may add, that it has never been of late tried, for there is no trade between Scind and the Punjab by water.

“ The tides rise in the mouths of the Indus about nine feet at full moon ; they flow and ebb with great violence, particularly near the sea, where they flood and abandon the banks with equal and incredible velocity. It is dangerous to drop the anchor but at low water, as the channel is frequently obscured, and the vessel may be left dry. The tides in the Indus are only perceptible 75 miles from the sea, that is, about 25 miles below Tatta.”

1646. What is the nature of the trade of Buhawulpoor ?—Lieutenant Burnes states, “ The manufactures of Buhawulpoor consist of coongees, which are celebrated for the fineness of their texture. The weavers are Hindoos, a numerous class in this country, and who enjoy more toleration in their trade than in their religion. The merchants of Buhawulpoor deal extensively in goods of Europe manufacture, which they receive from Pallee in Marwar, by way of Bickaneer and the Desert, and send into the Dowranee country by the route of Mooltan and Leia, crossing the Indus at Kaheree. This outlet for the manufactures of Europe has diminished with the anarchy in Cabool, and the supply at present, as in many other countries, often exceeds the demand. The Hindoos of Buhawulpoor, and indeed of all this country, are a most enterprising race of men ; they often travel to Balk and Bokhara, and sometimes to Astracan, for purposes of commerce ; they take the route of Perhawar, Cabool, and Bamian, and crossing the Oxus exchange at Bokhara the productions of India for those of that quarter of Asia and Russia, which are annually brought by the merchants of that country. They spoke highly of the Ulebek king, and praised Dort Mahomed of Cabool for the protection he afforded to trade. The manner of crossing the Oxus, as described to me by these people, is too singular to be omitted ; horses are yoked to small boats, and are driven across the stream. The current of the Oxus is said to be less rapid at the surface than lower down. The Sutlege, or rather the joint stream of it, and the Beah or Beeas, called Garra, on which Buhawulpoor stands, is a navigable river, though not used in the transport of its merchandise, but then it does not lie on any available line of route except to Scind, with which country, as I have before repeated, there is no trade from the upper provinces of the Indus. Of the name of this river (Beeds’s) I may add, that it is a contraction of Bypase, in which we have nearly all the letters of Hyphasis, the designation of it found in the ancient authors.”

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1647. What are the productions of the city of Mooltan?—Lieutenant Burnes states, that “the inhabitants are chiefly weavers and dyers of cloth. The silk fabric of Mooltan is called ‘kais,’ and may be had of all colours and from the value of 20 to 120 ks. They are less delicate in texture than the boonzes of Buhawulpoor. Runjeet Sing has with great propriety encouraged their manufacture since he captured the city, and by giving these cloths at his durbar has increased their consumption, as they are worn round the waist by all the seik sirdars; they are also exported to Khorassan and India, and the duties are equitable and moderate. To the latter country the route by Jessulmere and Bickaneer is chosen in preference to that by Scind, from the trade being on a more equitable footing. The trade of Mooltan is much the same as Buhawulpoor, but is on a much larger scale, for it has 40 shroffs (money changers) chiefly natives of Shekapoor.”

1648. Is the navigation of the Indus practicable by steam?—Lieutenant Burnes states, “There are few rivers in the world where steam might be used with better effect than on the Indus. It has no rocks or rapids to obstruct the ascent, and the current does not exceed two and a half miles an hour. Our daily progress sometimes averaged 20 miles by the course of the river, for a vessel can be hauled up against the currents at the rate of one and a half miles an hour: with light breezes we advanced two miles an hour, and only when it approached to a hurricane could we stem the river at the rate of three miles. Steam would obviate the inconveniences of this slow and tedious navigation, and I do not doubt but Mooltan might be reached in 20 instead of 40 days. From that city a commercial communication could best be opened with the neighbouring countries. From the account of the river Indus at its mouths, which is above given, it will appear that it would be accessible to steam-boats of a certain size and build; but I am thoroughly satisfied that no boat with a keel could ever navigate the river with any hopes of safety. The flat-bottomed boats are constantly grounding, but they sustain no injury, while boats differently constructed would be at once upset by the violence of the stream, and destroyed. It is not to be doubted, however, that steam vessels could be adapted to this navigation, as well as the existing boats on the river, and the absence of coal would be amply supplied by the great abundance of fuel which the banks of the river everywhere furnish. The Americans use wood for fuel, and the supply of it on the Indus would never be exhausted.”

1649. Have you any information in regard to the result of a survey which has been recently made of the Tigris and Euphrates?—Major Taylor, the colonial agent at Bagdad and Bussorah, transmitted to the Bombay government, on the 7th June 1831, a diminished index-map of the labours of Messrs. Elliott and Ormsby, who had completed a survey of the Tigris from Bussorah to Bagdad. Of the correctness of this survey, Major Taylor says that he can speak from minute personal observation, and that he is himself employed on a memoir of the labours of these gentlemen, connecting his own observations with theirs. He then proceeds as follows: “From Bussorah to Arrah by the Euphrates, no natural obstacle to steamers exists for two-thirds of the year, from November to July, requiring two and a half to three fathoms. In the remaining months the water is in some spots lowered to six feet. From Bussorah to Bagdad by the Tigris, the same may be said, with a decrease to four and a half or five feet at particular points. Wood or bitu-
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men for fuel may be had in sufficient abundance for the production of steam ; provisions may be had on the route of both rivers, and the Arab inhabitants on the banks will too soon understand their own interest to oppose any obstacles to the passage, not to mention the direct authority of the local government. Messrs. Elliott and Ormsby left Bagdad early in April 1831, for the town of Bir on the Euphrates, to attempt to descend that river at the greatest reduction of its waters, to ascertain the possibility of its navigation by steam." Major Taylor, on the 7th of August 1830, states, that " Mr. Bowater ascended the Tigris from Bagdad to Mosul ; he left the former place on the 13th, and arrived at Mosul on the 22d July 1830." Mr. Bowater stated, that the Tigris was not fordable between Bagdad and Mosul ; he then proceeded to Bir, at which place there were a great number of boats employed in transporting merchandize and passengers across the river.

1650. Was the information which you have now given, in consequence of the orders or instructions sent from this country in the year 1829 ?—Yes, it is in consequence of those despatches that the Bengal government have been turning their attention to the subject ; and most of the information above given is the result of those inquiries.

1651. Have any of the native merchants, who have been sent by the Bombay government, given any information as to how they had carried on their trade ?—I have not seen any.

1652. Was Lieutenant Conolly employed, or was he merely travelling for his own information ?—He travelled for his own information, I believe, entirely.

1653. Are you aware that a considerable number of years since, the Bengal government, trying to extend our commerce to Central India, had employed Mr. Moorcroft and another gentleman for that purpose ?—I have heard that they were so employed, but I have not read the despatches they may have addressed to the government on the subject.

1654. Have you had any communication with Major Wilson, who was resident at Bushire ?—Yes, I have seen him since he arrived in this country, and have had some conversation with him.

1655. Did he state that he had met with an American who had lived in the Scind country for many years, upon the banks of the Indus ?—Yes.

1656. Do you know whether the information he got from that gentleman is with the Board of Control, or at the India House ?—I think it very probable it is either here or at the India House, but I have not been able to refer to it yet.

1657. Have you any information as to the navigation of the great branch of the Indus up to Cabool ?—No, I am not aware of any information upon that point.

1658. How near to Attock does the river navigation extend ?—Lieutenant Burnes, I believe, is of opinion that the river is navigable all the way to Attock.

1659. Did Runjeet Sing show any indisposition to our navigating the Indus ?—Not that I am aware of ; he gave the mission a most distinguished reception.

1660. Was he previously informed of the intention to communicate with him ?—Yes, he was informed direct by the Indian government through Captain Wade, and he had some of his principal officers deputed to meet Lieutenant Burnes ; I think they waited nearly three months for his arrival, in consequence of the difficulties opposed

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opposed in the first instance to the reception of Lieutenant Burnes by the ameer of Scind.

1661. Is there any statement in the public records of the effects upon trade and revenue which have attended the mission adopted by the British Government for the suppression of piracy in the Gulf of Persia and the Indian Ocean?—Sir John Malcolm, in a Minute dated the 28th of October 1830, states: “The increase of customs upon our trade to the Red Sea and the Gulf of Persia, I find has increased within the last two years, to 44 lacs of rupees per annum from Calcutta, while at Bombay the imports from the Red Sea were, in 1809–10, only 7,19,549, and are now 14,87,888 rupees. The exports were, in 1809–10, rupees 4,80,759, and in 1830, 8,90,145 rupees. From the Persian Gulf imports were increased, in 1809, by the missions to that country and the impressions of our naval force, which kept down piracy, to 30,64,687. This fell afterwards, when the Gulf was unprotected, to below half this amount, but are now 40,34,247. The exports to the Persian Gulf have had a far greater increase: in 1809–10 they were only 17,71,476, and in 1829–30 they amounted to 55,62,260 rupees. From these results, it appears that from the ports of Calcutta and Bombay alone there is a trade with the Red Sea and the Gulf of Persia to the amount of above one crore and 60 lacs, which is not even half the amount of what is carried on with these quarters from the coast of Cutch, Kattywar, Guzerat, Canara, Malabar, Coromandel, the Mauritius, and countries to the eastward, to the inhabitants of all which we are bound by our duty, as rulers, to grant protection in their commercial intercourse with distant countries. According to a statement lately received from the resident in the Persian Gulf, it appears that imports into Bushire from India amounted, in 1829–30, to rupees 85,91,798, and the exports from that place for the same period, to rupees 33,21,376. The annual amount of the trade, therefore, between India and the ports of Bushire, is 1,19,13,374 rupees; if to this sum be added 60 lacs, as the probable estimate of imports and exports between Bussorah and the former country, and 70 lacs more for those between our Indian possessions and the commercial ports of Muscat, Bunderabass, Lingah, Congoon, Bahrein, and Grane, the total of the trade between the Persian Gulf and India will be about two crores and 49 lacs of rupees. The imports and exports between Bombay and the Red Sea last year amounted to nearly 24 lacs; and assuming that sum to be about the estimate of those between the latter quarter and Calcutta, we shall find the aggregate trade between India and the two Gulfs to be about two crores and 97 lacs of rupees.”

Lieutenant JAMES HENRY JOHNSTON, R. N. called in and examined.

1662. You commanded the *Enterprise* in her voyage from this country to India, did not you?—I did. Lt. J. H. Johnston,
R. N.

1663. Will you describe the vessel?—The *Enterprise* was 470 tons, builder's measurement; her length upon the keel 122 feet, and over all, 1,597; beam 27 feet; including sponsings, 37 feet four inches; including paddle-boxes, 44 feet six inches; the paddle-wheels had 15 feet diameter, and were seven feet broad. She was fitted with a pair of engines by Maudsley, of the limited power of 120 horses; she was capable of stowing for 35 days' consumption of the best English coals;

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coals; she had a very full body, and her utmost speed, when steaming under the most favourable circumstances, was eight statute miles per hour in dead water and calm. Her average speed under sail alone during the voyage, was five miles per hour; under steam and sail, six minus one-twelfth; before the wind with a stiff breeze, nine knots; when close-hauled she made a great deal of leeway, and was on that account always kept one point free, and with a moderate breeze would go six knots.

1664. At whose expense was the voyage undertaken?—A society of gentlemen; the expense was divided into 64 shares, and they were taken by 32 individuals.

1665. What was the cost of fitting out the vessel?—The whole expense attending the voyage to Calcutta, including commission and some coals which were not consumed, was 43,000*l.*; that includes the interest on money and premium of insurance.

1666. Was it successful as a pecuniary speculation?—Being sold to the Supreme Government of India for 40,000*l.*, the original amount of the shares was recovered.

1667. But for that sale to the Company, would the speculation have answered?—There would have been a considerable loss.

1668. Will you state the whole of what was done by the *Enterprise* while under your command?—The voyage was made to Calcutta in 103 days, steaming and sailing; three days were passed at the island of St. Thomas, in the Gulf of Guinea, in procuring water and shifting the coals from the tanks into the boxes; seven days were passed at the Cape of Good Hope in taking in a supply of coals; the Cape of Good Hope was the only depôt for fuel between Falmouth. My only motive for anchoring at the island of St. Thomas was to procure assistance in moving the coals from the large tanks at the back of the boiler into the coal boxes. The apertures in the tanks were very small, and hitherto it had required the exertions of the whole crew of 20 men each day to keep up the necessary supply; whilst the heat to which the men were subject (the thermometer in the tanks ranging sometimes to 130 degrees of Fahrenheit) had caused several of them to faint, and one or two nearly escaped suffocation. At the Cape I engaged more men (natives), who commenced working on the tanks immediately after we put to sea. As it had been contemplated that in consuming the fuel, the vessel would be so much lightened as to require ballast, the coal had been filled into tanks, which were afterwards to be filled with water; this ballast, however, was not found sufficient; and previous to my arrival at the Cape, when there was not more than 15 or 16 tons of coal remaining, I found it necessary to put every weighty article into the bottom of the vessel, even to the spare sails, and to saturate them with water for the purpose of keeping the vessel safe. On subsequent occasions, when I have been obliged to consume the whole of the coal on board the vessel, for seven or eight days previously I have made a point of reserving the ashes, which from Burdwan coal are very considerable, and which being passed through large tubs of water, were afterwards filled into bags and struck into the hold to serve as ballast.

1669. What line of track did you take from England to the Cape?—On leaving England I passed within sight of Cape Finisterre, and passed between the Canary Islands, then inside the Cape de Verd Islands, about 100 miles from the Cape de Verd, and stood away to the eastward to the island of St. Thomas.

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1670. Did you originally intend to visit the isle of St. Thomas?—No, I did not. On leaving England, I steamed for 11 days without intermission, and then reached to the southward of the Canary Islands, where I expected to fall in with the north-east trade wind: in this I was disappointed, and on examining the coals which remained, I felt convinced that I had not sufficient to steam all the way to the Cape of Good Hope. I had been led to expect that the *Enterprise* would have had at least a mile or a mile and a half per hour more speed than she proved to have, and under these two disappointments, the failing of the wind and the want of speed of the vessel, I found that to make the voyage at all, I must determine on going under sail whenever I could proceed at the rate of four miles an hour. After passing the Cape de Verd Islands, I made a course for the Island of St. Thomas, employing steam and sail alternately, as wind or calm might prevail. From St. Thomas's Island I steamed directly south, to latitude $17^{\circ} 30'$ S., encountering a heavy swell, and a current setting to the northward with calm weather from lat. $17^{\circ} 30'$ long. $7^{\circ} 45'$ E. I made sail with a light wind from south-south-west, which gradually veered to south-east, when I reached the 29th degree of south latitude. I again set on my steam to gain the westerly winds, which conducted me to the Cape. The first time I cleaned my boiler was at the expiration of the 11th day, when I was much gratified to find that Mr. Field's refrigerator had completely prevented the formation of salt in the boiler, the only deposit being a slight incrustation of the sulphate of lime over the furnaces. During four years that I commanded the *Enterprise*, no salt was ever formed in the boiler.

1671. What was the course you would have taken if you had had an ample supply of coals, and a vessel which was in every way well calculated for a sea steam-boat?—Had she been calculated to make the voyage to India, she ought not to have carried more than 10 or 12 days' coals at the utmost, and there should have been more depôts, occurring as frequently as the necessity for sweeping the flues.

1672. On what day did you reach the Cape?—On the 13th of October.

1673. Did you meet with any rough weather off the Cape?—Not before I arrived there; off Cape Palmas I had some very rough weather.

1674. How did your vessel weather the seas?—She behaved very well, she was scudding under sail off the Cape of Good Hope.

1675. Do you allow, when you are scudding in a gale of wind, your wheels to run round with the velocity that the ship goes through the water?—Yes; the wheels are in that case disconnected from the engine, and turn round independently of each other, entirely as the velocity of the ship may affect them.

1676. Do you conceive that in such a heavy sea as there is occasionally off the Cape of Good Hope, a steam-vessel would be exposed to any danger which would not attach to sailing vessels?—I think that whilst her engines remained in order and available, she would be less exposed than another ship to danger. On my arrival at the Cape I had only six hours' coal remaining; my detention there was occasioned by gales of wind blowing from the south-east.

1677. But for that, how soon could you have taken in a new supply of coals?—In 48 hours with great ease.

1678. Was that the first steam-vessel which had ever touched at the Cape?—Yes, it was.

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1679. Will

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1679. Will you state your course from the Cape to India?—From the Cape I proceeded very deep, and off Cape Nattal, when I opened the Mosambique channel, I experienced a strong gale from the south-west, with a heavy sea, occasioned by the current running to the westward; the fires were put out, the wheels disconnected from the engine, and the ship scudded under her main-topsail and foresail, going at the rate of 10 knots per hour, but making a progress of not more than 80 miles in the 24 hours, from the strength of the current. She steered admirably; she answered her helm as well as a ship could possibly do, and behaved in every way like an admirable sea-boat. In passing near the spot marked upon the charts as the Dutch bank, we had every appearance of extremely shoal water, with a ripple, and large collections of birds; the discoloured water extended over too large a space to have been occasioned by a dead fish.

1680. Was it blowing too hard for you to make yourself perfectly satisfied whether there was or was not shoal water?—It was, and the day was closing. I proceeded to the northward, leaving the island of Madagascar to the west, and passing near the Seychelle Islands, and reached within a degree of the equator, in latitude 60°; from thence I steered to the eastward, and experienced a current setting to the eastward at the rate of 80 miles in 24 hours; I passed to the northward of Pona Molubque, and shaped a course to the Andaman Islands. My fuel being at this time very low, I thought it desirable to take up a position, at which the north-east monsoon would ensure my reaching the Sand-heads under sail. I arrived at Diamond Harbour on the 6th of December, having expended the whole of my fuel, and was obliged to purchase wood to steam up to Calcutta. During the passage from Falmouth to Calcutta, no other accident happened to the machinery or the boilers, but such as we were enabled to repair in the course of one or two hours.

1681. Had you not some accident in the British Channel?—Anxious to take on board as much coal as could possibly be stowed, 40 tarred sacks filled with that article had been placed upon the boilers; when off Dungeness they were discovered to be on fire; the vessel being admirably provided with the means of extinguishing any fire that might occur, it was got under in 10 minutes, having done very little damage.

1682. You were 113 days performing the whole voyage?—Yes.

1683. In what time did you expect to perform it before you started?—I hoped to have performed it in between 70 and 80 days.

1684. The disappointment arose from the two causes which you have already stated, and from no others?—Yes, from the causes I have already stated, particularly the want of speed in the vessel, arising from her great capacity. I had certainly calculated on meeting with the north-east trade, and finding more available winds than we did experience; but it is to be attributed to the unfitness of the vessel for the undertaking.

1685. How many passengers did you take out?—Seventeen; the passage money amounted, I think, to 2,000*l*.

1686. Did you take any goods?—No, a few packages which were not charged for; we were desirous to induce persons to consign their packages and parcels to our care.

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1687. Did the steam add much to the heat or inconvenience of the passengers?—Not at all; we experienced no inconvenience from heat, but considerable inconvenience from the coal dust, when it became necessary to take the coal from the after-hold.

1688. Did they complain of the cabin accommodation?—The accommodation was generally admired, it was excellent.

1689. What was done with the *Enterprise* after her arrival?—The *Enterprise* was delivered to the Bengal government on the 26th of December, and on the 5th of January started for Rangoon with despatches: her first voyage to Rangoon and back occupied 13 days: she left the Sand-heads on the 7th of January, at 5 P. M., and arrived at Rangoon on the 12th of January, at 5 P. M., the distance 620 miles: she left the Elephant, which is at the entrance of the Rangoon River, on the 14th, at 6 P. M., and arrived at the Sand-heads on the 18th, at 6 P. M. The passage from Calcutta to the Sand-heads generally occupies two days, from circumstances of tide and shallow water on the *James* and *Mary*.

1690. Was it possible at that time of the year to have made the voyage there and back in a sailing boat, without greater delay?—No; I arrived at Rangoon a week after His Majesty's ship *Champion* had sailed with despatches for Calcutta. I returned to Calcutta, took in coals, and was on my way down the river, when the *Champion's* boat passed me with the commander, who had left her at Saugor Roads. My speedy arrival with the duplicate despatch of the treaty of Malown, which I delivered on the 5th day after leaving Rangoon, prevented the Government an expense of 6,00,000 rupees, by arresting the march of troops from the Upper Provinces, the execution of new contracts for stores and provisions, and the hiring of transports.

1691. Were repeated voyages made from Calcutta to Rangoon?—Yes.

1692. How many did you make within any certain period?—Between the 7th of January 1826 and the 20th of the following September, I made six voyages between those places, and a voyage to Chittagong and Akyab; the intervals were employed in river service; but political circumstances requiring that the *Enterprise* should be kept in momentary readiness for despatch, the little repairs and adjustments which had become necessary from 13 months of uninterrupted employment could not be permitted to be taken in hand, and continued to accumulate in number and to increase in magnitude, until, on the 20th of September, the slides, valves, and cocks were so much out of order, as to render the engine incapable of forcing the vessel against the tide of the river, and she was placed under a repair, which in England would have occupied at the utmost one month, but which was not completed before the 20th of the following March, a period of six months. The *Enterprise* was afterwards employed principally in conveying troops and stores between Calcutta or Madras and the Tenasserim Provinces or the coast of Aracan; in the conveyance of treasure, and in towing the Company's ships and transports to and from sea. Between the 7th of January 1826 and the 18th of April 1829, she made 52 communications between different ports, conveying 1,970 troops and other passengers, 2,000 tons of stores; she towed 18 ships to and from Calcutta, and His Majesty's ship *Herald* from Calcutta to the south end of Ceylon; she went over a distance of about 28,600 miles. The average of her speed under steam was

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4 $\frac{3}{4}$ miles

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4 $\frac{3}{4}$ miles per hour; the average cost of coal about 3 s. per mile; her voyages were generally performed in six days from Calcutta.

1693. What would have been the average period for sailing vessels?—Three weeks.

1694. Is a steam-boat now employed by the Indian government for making voyages between Calcutta and Rangoon?—There are three employed whenever they are required; they are in constant readiness.

1695. Did you go up the Ava River or the river Irrawaddy?—Yes, as high as Rangoon; there was water for a vessel of the Enterprise's draught a short distance above it, but only a short distance; the Enterprise required too much water for inland navigation.

1696. Are those all the voyages you performed in the Enterprise?—No; my principal employment was between Calcutta and Rangoon during the Burmese war, and until the whole of the troops had been removed. I was afterwards employed between Calcutta and Amherst.

1697. Is that a good harbour?—Yes, a very good anchorage; it is a dangerous one to enter, but there is a river in which ships might find very good shelter, a river that runs out of Amherst harbour, with five fathoms water; it has a bar with one fathom at low water spring tides, the rise is 19 feet full and change.

1698. Is the Salween River navigable for steam vessels?—Yes, the Salween is navigable to Moulmeine, but not for the Enterprise; for vessels drawing not more than 10 or 11 feet it is navigable.

1699. Was the Enterprise employed at all in conveying troops or towing vessels?—In conveying troops and followers; the largest number of troops that the Enterprise ever embarked was 210 pioneers, with officers, from Madras to Amherst; the passage was performed in 10 days, and she embarked upwards of 50 tons of cargo in addition (of commissariat stores principally); she was employed upon one occasion to tow His Majesty's ship Herald, with Lord Amherst on board, from Calcutta to the south end of Ceylon.

1700. At what rate were you able to proceed with that vessel under tow?—At five and six miles an hour, according to circumstances, as the winds were light or strong; in a dead calm, six miles an hour.

1701. How many tons was the ship that conveyed Lord Amherst?—A yacht, I fancy, not more than 400 or 500 tons. The Enterprise in 1829 conveyed the present Governor-general from Calcutta to Penang, and the island of Singapore, to Tenasserim, to Akyab on the coast of Aracan, and back to Calcutta.

1702. How many days were you going to Singapore?—From Calcutta to Penang eight days, from Penang to Malacca 30 hours, and from Malacca to Singapore 20 hours.

1703. In what time do you conceive the voyage might be performed from Calcutta to Singapore direct in a steam vessel?—In 10 days.

1704. In how many from Singapore to Canton?—In 10 days.

1705. Have you any account of the time which has been taken by a vessel which has gone to Canton lately?—I have not; but she towed a vessel and sailed part of the way; but I speak of a vessel which is fitted for the voyage; the Enterprise would not do it in the time I have mentioned. For particulars of the steamer

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Forbes's voyage to China, I will refer the Committee to a book compiled by Mr. Prinsep, by desire of the Governor-general; that book contains extracts from official documents, and Mr. Prinsep had the best aid of all the public officers in any way connected with steam navigation.

1706. Have you any particular observation to make on the voyages you performed in the Bay of Bengal after your arrival at Calcutta?—I consider that the *Enterprise*, though very ill adapted for making a voyage from England to India, or for making a voyage from Bombay to the Red Sea, or generally between Calcutta and Madras, was perfectly adapted to the service in which she was generally employed, that of conveying troops and stores between Calcutta and the Tenasserim provinces. Her great capacity enabled her, in addition to a supply of coal for the voyage round, to carry a large quantity of stores, and a number of troops or other passengers; and being seldom opposed to strong winds, the course between Calcutta and Tenasserim being nearly south-east and north-west, and the monsoons blowing at right angles with the course, enabled the vessel generally to avail herself of sail in addition to the steam, and to perform her voyages with certainty and with a fair speed.

1707. Are there any peculiar circumstances in the Indian seas that attracted your notice, which would render the use of steam navigation more applicable or otherwise than elsewhere?—I think that for government purposes steam-vessels are peculiarly serviceable. In the Bay of Bengal and the dependencies of that presidency, calms are very prevalent, and the passages in sailing vessels very uncertain; it frequently happens also that Hindoos, who have a great aversion to embarking on board ships, are required to be transported from one port to another, and owing to the shorter period of the voyage in a steam-vessel, they have less objection to embark in those vessels. The speed and certainty with which a voyage in a steam-vessel is made, is also a circumstance calculated to give greater effect to any expedition that it may be necessary to undertake.

1708. Does not the disposition of the islands on the eastern coast to the Bay of Bengal, render steam navigation extremely useful?—The intricacies of the passages between the islands, and the uncertainty of the winds, is rendered much less inconvenient by the employment of steam to a government where time is frequently of the greatest consideration; it is the most economical means of transport, either for stores or for troops or officers, that can be employed. The commissioner on the Tenasserim coast has to visit stations distant from each other more than a week or 10 days' sail in a common vessel, whilst in a steam-vessel he may be conveyed from one extreme of the province to the other in the course of a night. Sir Archibald Campbell declared to me, that he considered a steam vessel capable of embarking 200 men, might on the coast of Tenasserim dispense with the presence of five companies of troops at different points.

1709. What fuel did you make use of in the voyage you made in the Bay of Bengal after the termination of your first voyage out?—Burdwan coal principally.

1710. Is that of good quality?—It answers very well for steam purposes, but is not so strong as the best English coal. I once was supplied with New South Wales coal, which did not answer so well as the Burdwan. I do not mean to condemn the New South Wales coal generally, for I believe there are several varieties of it, as of the English coal.

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1711. Will the Burdwan coal answer, generally speaking, for steam-engine purposes?—Generally speaking, it answers very well.

1712. Whence does the indisposition of the Hindoos to be on shipboard arise?—Their religion does not permit them to cook while on board; they must live on parched rice and sweetmeats; their religious prejudices subject them to other inconveniences and privations.

1713. What was the monthly expense of keeping up the *Enterprise* while you commanded her in India?—When I tendered the *Enterprise* for sale to the Bengal government, I stated her expense would be 13,000 or 14,000 rupees a month, including every thing. I reduced the expense of the *Enterprise* to 3,500 rupees a month, exclusive of coals, and the wear and tear and the repairs; 3,500 rupees a month was the amount of salaries and provisions; of this sum 500 was an excess of salary granted to the commander under peculiar circumstances.

1714. Is there any remark you would wish to make as to the expense of the *Enterprise*, which might be rectified in any other vessel?—I believe that the expense of the establishment of steam vessels in India may be very considerably reduced; at present, engineers are sent out at a very enormous expense, not less than 1,000 *l.* a year to each sea-going vessel; the repairs also that become necessary, owing to the want of an efficient establishment, are done at an advance of from 50 to 900 per cent. upon English prices; the time also which is required for performing any repair is one of the most expensive portions of the outlay. I believe that if the most respectable engineers were selected, and raised in their situation on board the vessels to the rank of the master, their services might be obtained at much lower salaries. The jealousies detrimental to the service, but which now without one exception subsist between the mates and the engineers, would cease, and the latter, relieved from the drudgery connected with the engines, would be required only to superintend; the work would be more efficiently performed, and their health would remain unimpaired; they would be less exposed to the temptation of relieving exhaustion by a recourse to stimulating drinks. One engineer of the first-rate class, instead of two in each vessel, would, under such an arrangement, be sufficient, and under him three men might be employed, selected or trained up from amongst the half-castes or natives of India, to drive the engine and to do the laborious work; by training the natives, and particularly the half-caste population, as working mechanics, more efficiency would be ensured in the different mechanical establishments; the work would be executed more promptly, more efficiently, and at a much cheaper rate than it now is, and steam navigation might then be conducted in India at little more expense than it is in England.

1715. You have now stated the whole of the services which were performed by the *Enterprise* while under your command, have you not?—I have stated the nature, and I believe nearly the whole of her services, but she was not constantly employed.

1716. Do you believe that under improved arrangements a voyage from England to India may be accomplished with greater success?—I certainly think it may. Were a communication to be established with India, I should recommend the employment of vessels of the first class of speed; they should not carry more at the utmost than 10 days' coal, and the depôts for that article should be so arranged as to leave not
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more than 1,200 or 1,300 miles between any two; they should also be chosen, where possible, in such situations as would admit of a vessel or hulk being moored, alongside of which the steamer might lay to and receive her coals, otherwise the loss of time necessary to convey them in boats, would defeat the possibility of accomplishing the voyage within a moderate period.

1717. Where would you propose to make your depôts of coals?—I should place my depôts in different directions, so that they should be available under all circumstances of wind, that if a steam vessel could not conveniently approach one she might bear up for another. I should have depôts at Lisbon, at Madeira, at one of the Canary Islands, at Cape de Verd, Cape Palmas, Ascension, St. Helena, the island of St. Thomas, at St. Philip de Benquil, at the Cape of Good Hope, in Algoa Bay, Port Dauphin, Isle of France, at Diego Gaida, Pono Molubque (if anchorage for a hulk can be found at that place), Point de Galle, at Trincomalee, at one of the Andaman or Nicobar Islands, at Madras, and at Calcutta; and in the passage to Bombay it would be necessary to have one at Delgoa Bay, at Joanna, at the Seychelles, Cochín, and at Bombay.

1718. To how many days would the voyage to India be reduced, supposing all the circumstances alluded to in your former answer were most favourable?—I believe to not less than 80 days, that will require an average of more than seven miles per hour, exclusive of all stoppages for coal, or for cleaning the flues, &c. But I must explain, that I am only supposing the case of its becoming expedient for government purposes to establish a communication with India by the way of the Cape of Good Hope, at whatever expense it might involve, for I am thoroughly convinced that the communication between England and Calcutta, under the existing state of steam navigation, can never be accomplished but at a heavy sacrifice, but that when the exigencies of Government shall require such a communication to be established, it may be done; and I believe it will be best done by the employment of such steam vessels with numerous depôts.

1719. Will 80 be the minimum, or a fair average for such a voyage?—I think 80 is the average.

1720. What do you think the fair average to be at present for a sailing vessel?—One hundred and twenty, or 130.

1721. You consider probably that steam navigation could, under no circumstances, be rendered applicable to any other purpose than that of conveying letters and passengers?—Certainly to no other; but there is another means by which a quick communication may be established with India by way of the Cape of Good Hope, one which I had in contemplation eight or nine years ago; that was, to fit a steam-engine of 30 horse-power into a fast vessel of 600 tons, to use it only as an auxiliary to move the vessel through calms, and such an arrangement would take from her capacity for cargo about 100 tons. I feel convinced that a passage might be made to Calcutta upon the average of between 85 and 95 days.

1722. Would such vessels be applicable to commercial purposes?—Yes, they would.

1723. In such a case, that vessel would take the fuel on board necessary for assisting her on the voyage?—She would, and the whole sacrifice, I think, would not exceed from 100 to 130 tons.

1724. Have

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1724. Have you ever heard of a plan being proposed for fitting steamers into the long boats, and setting them to tow the ship?—I have heard of that plan, but there are two very strong objections to it: in the first place, it requires that the vessel which precedes should have considerable weight, or she would make very little impression on the vessel which followed; and in the next place, it would be desirable to get the vessel under the influence of steam as quickly as possible on the wind subsiding, but from the adjustment required for the getting this steam-engine into the long-boat, too much time would be taken in the preparation; I do not think that the plan would answer so well.

Martis, 20^e die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

Lieutenant J. H. JOHNSTON, R. N. re-examined.

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1725. HAVE you directed your attention to the navigation between Bombay and Suez by steam-vessels?—I have. Early in 1803 I printed a prospectus, advocating that route for a communication with England.

1726 At what annual expense do you conceive a monthly communication between those places could be maintained?—From about 45,000*l.* to 50,000*l.* a year; but to accomplish it at such an expense it would be necessary to enter into new arrangements. Under existing circumstances it could not be done.

1727. Describe what you conceive would be the proper arrangements?—I think it would be desirable to build vessels in England; they could be constructed of lighter materials, and at a cheaper rate than they could be built in Bombay. They would perhaps not last so long, but they would have greater buoyancy and more speed from the lightness of the materials, and they would in the end be less expensive, since within an equal time they would perform a greater distance.

1728. Do you believe it would answer to individuals to establish a communication on that plan?—I think it would ultimately pay as a mercantile speculation, but it must be well established before any returns could be expected.

1729. Do you not conceive it would be necessary to make some change in the law by which the postage of letters to India is at present regulated, in order to make it answer as a private speculation?—I think a privilege of charging postage might be granted; persons should not however be constrained to send their letters and incur postage by that route; but if it were optional, I think a great number of letters would be sent, though certainly not nearly so many as some statements exhibit. I believe the principal returns might be expected from the conveyance of passengers and packages. Under the present arrangement, communication is made with considerable difficulty. The depôts for coal are at too great a distance from each other, and the only vessel employed on that service, the *Hugh Lindsay*, when she leaves Bombay, is so overloaded, that her speed is considerably reduced.

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To establish communication advantageously, it would be desirable to have a vessel capable of carrying not more than seven or eight days' coals, with stations at a distance in no case exceeding 800 or 1,000 miles. The first station at Ashtola, a distance of about 600 miles from Bombay; the second at Curia Muria, 735 miles from the latter place; the third at Babel Mandel, 766 miles from Curia Muria; the fourth at Judda, about 600 miles from Babel Mandel. With such an arrangement, no depôt would be required at Cosseir; and if at each of these stations a hulk of 600 or 700 or 1,000 tons were moored as a coal depôt, a few hours only would be required to replenish the fuel, clean the boilers, and sweep the flues. In the Enterprise, on the voyage to India, this operation was frequently performed in six hours from the time of stopping the engine until it was started again; much time would be economised by such an arrangement, the coal would be subjected to less waste, and would be consumed on an average at from 4*l.* 10*s.* to 5*l.* per ton, and probably at 6*s.* 6*d.* or 7*s.* per mile. The term of the voyage from Bombay to Cosseir, or to return, would average about 22 days. The vessels should be 350 tons, propelled by engines of the united power of 120 horses. The station at Ashtola is only intended for convenience when making a passage against monsoon with a fair wind or in moderate weather. The direct course between Curia Muria and Bombay must be pursued.

1730. How would British trade with India be effected by a ship canal, uniting the Red Sea with the Mediterranean?—I think not materially; as respects the conveyance of merchandise to Great Britain, voyages would generally be longer by such a route to any of the British ports than by the Cape of Good Hope.

1731. Why so?—The passage up the Red Sea is generally tedious, and during nine months of the year, between Cosseir and Suez, the northerly winds blow with considerable violence. The voyage from that part of the Mediterranean with which the canal would communicate would also be a tedious one to the coasts of England.

1732. Could not the vessels be towed by steam-vessels?—They might for a certain distance within the Red Sea.

1733. Would not that remove the difficulty?—I think not entirely; during the whole of the south-west monsoon, the voyage to the Red Sea would be very much protracted.

1734. But in other seasons might not the trade be carried on by means of a ship canal without any material delay?—In the favourable season during the north-east monsoon, the passage might be made quickly.

1735. How long does the north-east monsoon last?—From October to April.

1736. Do you not conceive then, that during those months from October to February, it would be practicable to carry on the trade of this country with India by means of a ship canal across the isthmus?—That portion of it which proceeds from Bombay might reach England during those months in five or six weeks' less time than by the route of the Cape of Good Hope; but I think that British trade would be likely to suffer by such a communication, from the advantages that would be given to other nations, if the canal were not exclusively for the use of British shipping.

1737. Has your attention been directed to the interior navigation of India by steam-vessels?—It has. By desire of Lord William Bentinck, immediately on his

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arrival in India, I reported on the practicability of navigating the Ganges by steam-vessels, and afterwards made an experimental voyage, the result of which was satisfactory. The *Précis* which I printed for the information of the Court of Directors, and of which this is a copy, contained a summary of the different voyages that have been made by steam-vessels on the Ganges.

1738. Do you consider that there are any articles, hitherto unattainable in the remote provinces of the empire, in consequence of their perishable nature, which might be brought into consumption by means of the introduction of steam navigation in the Ganges?—I believe there are many articles of that description.

1739. Will you state what they are?—Almost all the eatables which are sent from Europe would be conveyed to the Upper Provinces in a state of high preservation; their arrival in a fit state for consumption has hitherto been very precarious.

1740. Will you specify some of the articles?—Cheeses, hams, preserves of different descriptions, and beer, saddlery, stationery, hats, silks, and many other articles which in that climate sustain injury from a protracted voyage. The consumption of all articles of import in India would be much increased by a ready and expeditious means of conveyance to the Upper Provinces; the quicker returns to the merchant would much more than compensate for a small increase of freight on the most bulky articles; on small and light packages the freight would be less in a steam-vessel than the present charge of *Dawk Bhangy*.

1741. Is the consumption of beer extensive?—Yes, it is very considerable.

1742. Can you state what it is?—I cannot.

1743. Is it consumed by the natives?—No; by Europeans and the descendants of Europeans.

1744. Is it taken out from England?—Yes.

1745. Do they grow hops in India?—No; beer is not made in India.

1746. Do you conceive that steam navigation might be made applicable in the silk, the opium, or the indigo trade, for the purposes of conveyance?—I think when steam-vessels are established on the river, advantage will be taken of them to convey those goods; but steam-vessels are not required so much for the conveyance of goods from up the country down the stream, as from Calcutta to the interior. Being established, they would be employed for those purposes, but their advantage over the common country boats in descending the stream would not be very great.

1747. What is the amount of the government demand for water-carriage?—I should suppose to the extent of between 30,000*l.* and 40,000*l.* a year, exclusive of the expense of escort for treasure.

1748. On the rivers or by sea?—On the rivers.

1749. How has that been usually supplied?—By means of the native boats.

1750. What is the difference between the expense of a native boat and a steam-boat?—The expense of a steam-boat would be somewhat greater than that of a native boat; the saving would be in the time that is occupied.

1751. Will steam navigation on the whole reduce the pecuniary expense of the Government for water-carriage?—I think it will very considerably reduce the expense, by reducing the quantity of tonnage required.

1752. Have

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1752. Have you formed any estimate of what extent that reduction might be carried to?—It is impossible for me to form an estimate of that nature, not being aware of the expenses of the Government for their depôts of stores, which with the means of rapid transit might be dispensed with, nor of the extent of the reduction that may be made in the strength of the army from the additional value that would be given to the armed force of the empire by such locomotive means at command.

1753. Have you been employed since you returned to Europe in examining the boats used for the navigation of the Rhine?—I have been on the Rhine, the Rhone, the Seine, and the Soane, and I have examined the boats on those four rivers.

1754. Did you find any that would answer for river navigation in India?—None that could be taken as models for the construction of boats for the India rivers. The boats on the rivers on the Continent draw more water than is admissible for the navigation of India, which must be limited as nearly as possible to two feet.

1755. Is that the only difference between the river navigation of the continent of Europe, and that which is proposed for the rivers of India?—The Rhine and the Seine admit of boats of considerably greater draught than could possibly navigate on any of the rivers of India with advantage. In the Rhone they have endeavoured to construct boats of the lightest draught, but the draught has not been reduced under three feet, in boats carrying 30 or 40 tons of cargo. The navigation of the Rhone approaches more nearly to the rivers of India than any other river of the Continent; its currents fully equal, if they do not exceed, in rapidity those of the Ganges, and the difficulties are of a similar nature generally, and in some instances greater than those of the Ganges, arising from the shoals in the Rhone being generally of hard stones and detached rocks, whilst those in the Ganges are of accumulated sand, loose and easily dispersed. On the Soane, boats of very light draught are employed, the draught not exceeding 18 or 20 inches, but their capacity and their speed are also very small. On the Soane, also, steam-boats are employed to tow cargo boats in the same manner as is proposed for the rivers of India, but their speed does not exceed five miles per hour.

1756. Is it contemplated that private individuals or private companies will engage in the steam navigation of the rivers of India?—I believe after steam navigation shall have been well established by the Government, it will be found so profitable that private individuals will be glad to embark in it, and to supply the Government demand, a measure which I consider will be advantageous both to the Government and to individuals.

1757. Are there now steam-vessels belonging to private companies in India?—There are four steam-vessels.

1758. Do they yield a profit or pay their expenses?—No, they do not do either.

1759. To what do you attribute that?—To the heavy expenses attending the repairs of machinery, and the delay in effecting those repairs.

1760. What are the causes of that heavy expense?—The high price of mechanical labour, and the want of efficient establishments for effecting such repairs.

1761. Do European mechanics who go out obtain very high wages for their labour?—Europeans are not capable of labouring in India; they can only superintend. The climate would destroy them in a short time were they under the neces-

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sity of earning their livelihood by bodily labour; those who are employed as superintendents generally receive very high salaries.

1762. Does the institution of castes among the natives contribute to increase the expense of mechanical labour?—In a certain degree it does.

1763. In what way?—The different castes of natives observe a great many holidays, which interfere very much with their labour; they also are contented with such simple food and little raiment, that the slightest circumstance is an inducement to them to neglect their labour.

1764. Do you mean by that they are indifferent what money they make?—Yes, they seldom save money, and care not to earn beyond their necessities; but they will exact the highest price they can obtain for the small labour they give; the strongest persuasion will scarcely induce the labourer to extraordinary exertion, and to the offer of double wages to work beyond the usual hours he will in general not readily consent; or if it rains hard he will not attend his work, neither will he willingly quit his meal, nor forego his rest, for money.

1765. Do persons of different castes working together observe distinct holidays?—Different castes seldom work together; they are found working in the same factories, and each observes the holidays of the other as well as his own. The Mussulman observes his own holiday and those of the Hindoo, and the Hindoo his own and those of the Mussulman also, and both are ready to observe those of the Christian. There are other causes which in Calcutta contribute to the expense of mechanical labour, arising from the great distance at which most of the workmen live from the factories at which they are employed, many of them residing at a distance of 8 or 10 miles, so that they seldom arrive at their work until nine o'clock in the morning, and quit it at four in the evening; this in Calcutta is considered a day's work. Having come so great a distance, they are fatigued when they arrive where their duties are to be performed; and one reason of their living at such a distance from their employers is to escape the town duties which are levied on provisions. I have been speaking of the labourers about Calcutta, and within metropolitan influence.

1766. How do you consider that the difficulty arising from that expense may be overcome?—By giving encouragement to and by employing the Indo-British, commonly called the half-caste population.

1767. What do you mean by giving encouragement to them?—By training them to mechanics, by the establishment of societies for apprenticing them. There is an Apprenticing Society and a Marine School Society instituted by Mr. Lloyd, but the funds are not very extensive, depending on voluntary contributions, and all the encouragement is not given to the half-caste population which might be by the European tradespeople.

1768. What is the general employment of the Indo-British, commonly called the half-caste population?—They generally employ themselves as indigo planters, as assistants in factories, in cotton, sugar, and indigo plantations, and principally as writers in the public offices, and in the offices of the European merchants.

1769. Are they better mechanics than the whole-caste people?—But few of them have ever been induced to apply themselves to mechanics, but those who have done so have discovered considerable ability, and may be considered as nearly equal

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equal to Europeans, both in the quantity and the quality of their work. Where they have been prevailed upon to apprentice themselves to handicrafts, they have given general satisfaction to their masters; and the reason assigned to me by some of the European tradespeople in Calcutta for not engaging half-caste lads as apprentices was, that when they had acquired a knowledge of the craft they would supersede them in their business; several instances of such having been the case, were cited to me both in Madras and Calcutta; and I am induced to believe that the half-caste population might be brought forward as mechanics with very great advantage, from the reports and the communications which have been made to me of the government school of artificers established at Madras.

1770. Have they any mechanics' institutions established at Calcutta?—They have not at present any; but a short time before I left Calcutta I submitted a proposal to the Governor-General for the establishment of a school for engineers, of which his Lordship approved, but deferred acting upon it until the result of my mission to the Court of Directors should be known; the Government however sanctioned my apprenticing to one of the engineers two lads selected from the marine boys; of these, since my arrival in England, I have had a most satisfactory report from the engineer, who states that they can drive the engines.

1771. Do you consider, in consequence of the difficulties and expenses to which you have adverted, that if steam navigation is much extended in the rivers of India, on account of Government, it will be necessary for Government to maintain large and expensive establishments for that purpose?—No, I do not; I believe that if the native population are trained to mechanical labour, in a very short time machinery may not only be repaired, but be manufactured, in India at nearly as cheap a rate as it can be in England. The new Mint which has lately been established must in the course of a few years contribute very materially to the facilities of the general repairs of machinery.

1772. Do you consider that the natives of India are disposed to avail themselves of steam navigation for the purposes of commerce or of conveyance for their persons or goods?—I think that many of the natives will be induced to take advantage of the opportunities that would be offered by the steam vessels of ascending the rivers to the different stations, and that they will find their advantage in conveying their treasure by those means.

1773. Do you know anything of the coal which is to be found in the Persian Gulf?—I have not seen any of that coal; I have heard it is of a very indifferent description, but I suppose, like other coal, it will improve as the shafts are sunk deeper.

1774. Is it not said to be superior to the Cutch or Burdwan coal?—I have not heard that it is.

1775. Do you know of any other place except the Persian Gulf, Cutch, or New South Wales, from which coal could be procured?—Coal has lately been extracted from a mine open near Bhaugulpoor, on the river Ganges.

1776. How far is that from Burdwan?—Three hundred miles.

1777. Is that found to be of good quality?—I have received a report upon that coal, and it is now before some persons who are conversant with the nature of coal. It has been described by Mr. Ward, the Resident at Bhaugulpoor, and from the description,

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description, I should suppose it was equal to the Burdwan coal, and as the first quantity has been taken from the surface, we may hope, as we proceed deeper, the quality will improve.

1778. Do you know whether any coal is to be found in Madras or Ceylon?—I have heard it surmised that there is coal in Ceylon. I have not heard of any in Madras. In Bengal there is abundance of coal on both sides of the river.

1779. Are you not aware, notwithstanding the abundance of coal said to exist in Bengal, that it has been more cheap to send out coal from this country to Bombay, than to obtain it from Bengal?—It arises from this circumstance, that the demand for coal at Bombay has hitherto been limited to a quantity which has not exceeded that which ships are obliged to carry out as ballast, and which they therefore can afford to deliver at a lower price than coal could be conveyed to Bombay for, paying freight from Calcutta.

1780. Do you conceive that when the demand is extended, it would become preferable to consume the coal of Bengal?—It is a matter which requires some consideration. There is an advantage in sending coal from England. The best English coal is, in proportion of strength, to the best Bengal coal, as five to three; and beyond the price at which it would be supplied, there would be considerable advantage in the weight that a steam-vessel would be obliged to embark to perform a voyage of a given distance.

1781. Is there coal in China?—I have heard that there is, but I believe it is of a very inferior quality; what has hitherto been produced in China is very slaty.

1782. Is there coal at Singapore and Malacca?—No coal has been extracted there. The coal at Singapore and Malacca has generally been brought from New South Wales.

1783. Is there coal in the Burman empire?—It has not been extracted. There is known to be coal in the Burman empire.

1784. Is it known of what quality?—Of a very good quality, judging from the coal found in Assam.

1785. Is the coal of Assam within our territories?—Yes.

1786. Why has not that been worked?—The expense of conveying it to the boats was found by Mr. Scott to be greater than wood could be procured for, as wood is there in great abundance, and is excellent for steam purposes. The only objection to the use of wood is the space which it occupies in the vessel.

1787. Is there supposed to be coal in the Tenasserim provinces which have recently been ceded to the British Government?—I am not certain there is coal, but I think coal would be found on some of the hills. I discovered black slate much resembling coal in such situations.

1788. What do you consider a steam-boat may be navigated for per month, of the size of those which are at present employed in the service of the Government; take, for example, the *Enterprise*?—The *Enterprise's* monthly expenses are now about 3,000 rupees.

1789. Including fuel?—No; without fuel. The expense of fuel depends entirely on the voyages that are performed, the distance she has to go, and whether it is necessary to take in coal at a distant port.

1790. Three

1790. Three thousand rupees a month is altogether exclusive of fuel?—Yes.

1791. Is not fuel the heaviest article of expense?—Yes, it is. I can produce some very satisfactory statements on the subject of the expenses of the different steam vessels, which I submitted to the government of India, in order to reduce the expenses, and to show that the services which the steam vessels had performed were quite equal to the expenses they had incurred.

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1792. Can you say what the expense of coal is per mile for the Enterprise?—Coal is now delivered in Bengal at six annas per maund, it was eight annas, but it was reduced at the last contract, and is now at six annas the maund, that is, 9 *d.* a bushel, and the consumption is about two bushels a mile, or about 1 *s.* 6 *d.* The consumption of coal taken in at Calcutta is 1 *s.* 6 *d.* to 2 *s.* per mile, but if it is taken in at Penang, or the coast of Tenasserim, the expense is more than double.

[The witness handed in some books, containing a statement of the expenses of the different steam vessels employed by the Government in India.]

Sabbati, 24^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

THOMAS BRACKEN, Esq. called in and examined.

1793. You are a Partner in the house of Alexander and Company, in Calcutta, are you not?—I am.

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Thomas Bracken,
Esq.

1794. How do you reconcile the fact of the great increase of trade which has taken place since the last charter, with the predictions made by many persons of considerable information that no such increase could possibly take place?—I think it originated, in a great measure, from the persons who gave their evidence on that occasion not being personally acquainted with commercial matters; they were almost all gentlemen in high judicial or revenue situations, and not very conversant with the nature of commerce. I think there was some apprehension also on the minds of those persons, that if a trade by individuals was carried on to any great extent in India, it would be followed by a great introduction of Europeans, and that the Europeans being in India would lead to the expression of great doubts on the policy of the present system of government in that country.

1795. Is the consumption of British manufactures confined to any particular class of the natives, or is there any prejudice from religious scruples in their minds against the use or wear of any articles of that description?—No, I do not think there is the slightest objection on the part of any native in India to use articles of British manufacture. The only check there has ever been has been from the want of means to purchase them, not from any prejudices against the use of them; on the contrary, many articles which might be supposed to be entirely excluded by their

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their prejudices, they use to a great extent I allude particularly to liquors, which in Calcutta are now consumed in large quantities by natives who can afford to purchase them.

1796. By whom are the large exports of cotton to that country chiefly consumed?—Almost entirely by the natives, for the cotton piece-goods are immediately turned into clothes for their own use; the cotton twist is worked up for the same purpose; the lower numbers into the very coarsest kinds of cloth. I do not think the English manufacturers have yet been able to compete in those descriptions.

1797. What prospect is there, in your opinion, of extending the consumption of British manufactures in India?—The great difficulty at present existing to the extension is the difficulty of procuring returns. I think the attention of the Legislature should be directed to every means of improving the condition of the natives of India and its internal resources, so as to enable them to pay for the manufactures of this country. The returns in produce for manufactured goods are now very much less than the importation, and the consequence has been that large bullion remittances are necessary to pay for them.

1798. If the remittances required to be made in this country were attempted to be effected through the agency of private mercantile houses, do you think those houses would, from the smallness of their number in Calcutta, have it in their power to combine and to influence the rate of exchange in a manner prejudicial to the Government?—I do not think the number of houses in Calcutta is sufficiently small to produce anything like a combination. There are now, I think, 30 or 40 having different interests, and I do not consider it probable any combination would take place; but if it were to take place, Government could always check it by remitting in bullion. They could always have recourse to a bullion level, as a check against a lower exchange.

1799. Do you think it likely there would be such a combination?—I do not see the slightest apprehension of it, there are so many houses, and the interests are so various.

1800. Do you think it more likely, that instead of a combination there would be an active competition among them to supply the remittance?—I think there would be more likely to be a competition than a combination; and, independent of the European houses, there are several native establishments which transact a great portion of the American business. They have all means of remittance at their disposal; one or two did command very large capital. The Americans do not employ the English houses much, but they employ the natives, in consequence of their doing their business cheaper. These natives constantly take American bills, which they sell to the houses of agency, and it would be within the power of Government to purchase those bills also.

1801. Will you state the origin, and the peculiar features, of the present commercial system in Calcutta?—The commerce of Calcutta was in the hands of a very small number of houses before the opening of the present charter; previous to that time the houses were chiefly formed of gentlemen who had been in the civil and military services, who, finding their habits perhaps better adapted for commercial pursuits, obtained permission to resign their situations, and engage in agency and mercantile business. They had of course a great many friends and acquaintances

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acquaintances in their respective services, and from those gentlemen they received their accumulations. They lent them to others, or employed them themselves, for purposes of commerce; they were, in fact, at first the distributors of capital rather than the possessors of it. They made their profit in the usual course of trade, and by the difference of interest in lending and in borrowing money, and by commission. In the course of time, carrying on a successful commerce, many became possessors of large capital, and returned to this country, leaving most part of it there; but the persons who succeeded generally came in without capital of their own, the same system being continued, and those houses became the usual depository of a great portion of the savings and accumulations of the military and civil services in India.

1802. Those savings were, in fact, employed as their capital in trade?—Yes, that was the origin of the houses in question. When there were very few houses of business, very large fortunes were made by some gentlemen in them. After the opening of the trade other houses were established, connected more particularly with Liverpool and the out-ports, and that spread the business a great deal. The older houses have not now the same monopoly, if I may so call it, which they had before.

1803. The houses of agency do now, in fact, carry on three branches of business, agency, banking, and general trading, do they not?—The whole of the houses do not; there is only one house which carries on private banking now; the house to which I belong has had a bank attached to it for 60 or 70 years; we are now the only bankers who issue notes.

1804. Do not the other houses receive deposits, pay drafts, and discount bills?—Yes, they do; but they do not issue bank notes.

1805. You say that some native houses do the business cheaper; what is the nature of the business done, and the charge for agency generally made by the native houses and the English houses respectively?—I think there is a difference of very nearly one-third. The English houses would charge probably two and a half per cent. on the purchase of an investment, and the native would not charge more perhaps than one and three-quarters per cent.

1806. If the native houses are in good credit, and do their business cheaper, will not the greater part of the business ultimately fall into their hands?—It is only a particular branch of business, and is, more strictly speaking, carried on by native brokers rather than native houses, and confined almost exclusively to the American vessels. I do not think there is any other business of this description conducted by natives in Calcutta.

1807. Why do not the Americans make their returns in goods instead of sending home bills?—It is with bills they provide their cargoes. They are the sellers of bills, and purchase what they want with the proceeds.

1808. What is the nature of the bills with which the Americans trade?—They generally bring out a letter from, perhaps, Messrs. Barings' house, or from Mr. Wiggins, or other houses in the American trade, which state that they will honour bills drawn upon them to a certain amount. A very large amount has been raised by the Americans in that way, probably two or three hundred thousand pounds in the course of a year.

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1809. You state that the export trade could be carried to any extent if there was a sufficient return; why then do not the Americans increase their export trade?—It is a subject of consideration of course with an American, whether it is better to make his remittance to Calcutta in bullion, in bills, or in merchandize; one reason why he does not perhaps bring merchandize is, that it is subject to double import duties to that brought by British ships; but they do bring of course sometimes merchandize, and even English merchandize; but the relations of trade between India and America are not the same as between India and England; and there would still be the same difficulty as to returns.

1810. In what articles has the trade much increased since the renewal of the Company's charter?—Principally in cotton manufactures.

1811. If the cotton manufactures were excluded, would there then be an increase?—Yes, even excluding the cotton manufactures, it has increased; but the great increase has been in that branch.

1812. Can you state the amount of the increase, excluding the cotton manufactures?—No, I cannot speak to the exact amount.

1813. Have you seen a recent publication by Mr. Wilson, showing the exports and imports into Calcutta in 1828, and in each year from the commencement of the present charter?—I have.

1814. Does that state that, exclusive of cotton goods, there has been a general increase?—I do not recollect whether he enters into that detail: the impression upon my mind is, that he speaks of a general increase. I cannot at this moment say whether he speaks to particular articles which have increased or decreased; but of course there have been fluctuations.

1815. Is there much difference between the price of cotton goods in 1813-14, when the charter was renewed, and the present time?—They are very much cheaper now, owing to the influence of machinery in this country.

1816. If they had continued at the price at which they were when the evidence was taken before the Parliamentary Committees of 1812, could they have been introduced to any great extent into India?—I think the means of purchase would have been the only check to their consumption.

1817. The question refers to their comparison with Indian manufactures; could they have been introduced in competition with those manufactures, if the price had not fallen in a very great degree?—Perhaps not; but I conceive that the manufacturing power of this country was such as ought to have led people to suppose that it would, if there had been a new market, have had the effect of reducing prices.

1818. Do you think that any of those individuals who at that time gave evidence could have foreseen the extraordinary fall which has since taken place in the prices of all cotton goods?—I think that a person at that time should have given his opinion on the general principle, that all trade would find its level; that there was no necessity for preventing persons carrying on the trade, if there was no chance of English manufactures falling in price, or lower than native manufactures, for then of course there would have been no increased consumption; but it was a thing that should have been left to the course of trade: and I think that the evidence then delivered did not go so much upon the cheapness of production here, as that there was in India among the inhabitants a decided objection to use English manufactures.

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1819. Do you think that there is any chance of the native houses of agency in Calcutta, engrossing from the lowness of their charges the whole of the trade; or were they to greatly increase their trade by lowering their commission, would not the European houses lower theirs, in order to compete with them?—Undoubtedly, if they saw any danger of losing their business from the difference of the rates.

1820. In the answer you have returned to the circular of the India Board, you express this opinion: “I have not taken into consideration remittances *via* Canton, because I doubt the policy of the Indian government relying on the China trade to provide the means, either directly or indirectly, of defraying any part of its territorial expenditure.” Why do you doubt the policy of the Indian government relying upon the China trade for providing the means of defraying a part of its territorial expenditure?—Because I think that the East-India Company, by having had the monopoly of the China trade, and deriving very considerable profits from that source, have neglected in some degree the economy that they otherwise would have practised in their Indian government.

1821. Have you any doubt that if the China trade was to be thrown open to Europeans, that one of the regular means of effecting remittances from India to Europe would be by consignments of Indian produce to China, and by the investment of the proceeds of such produce in tea for Europe, and by individuals drawing bills upon England for the proceeds of the tea?—I believe that that would be a channel of remittance; but in the way I have taken it, I am supposing that the trade being open between Canton and London, the exports and imports would equalize each other, and that there would be, therefore, nothing due to China by England, but China would still have to pay Calcutta for its opium; and the proceeds of that opium (the Chinese being great consumers of it, and continuing to consume it), even if all the tea sent was paid by the manufactures of England, would still be available to be returned to Calcutta, or sent on to England in bullion. Whatever facilities opium now affords as a remittance, would still be afforded. It would be only a matter of calculation whether it was better to send the value of it back direct to Calcutta, or to send it on to London.

1822. Do you think that if the monopoly of the opium trade was withdrawn, and the price considerably lowered, there would be a large increase of the sale of opium in China?—I believe a reduction of the price of opium, Bengal opium, would certainly lead to increased consumption; but in consequence of the Malwa opium now going in such large quantities to Canton, I have great doubts whether the Calcutta opium will extend so greatly as might have been expected. An impulse has been given to the Malwa trade, which I think is calculated to check very much the opium trade in Bengal.

1823. Although large consignments of Malwa opium are made to China, will not the Government of India be able, from the low price at which they can manufacture the Bengal opium, to continue to realize a large revenue from it?—Unquestionably the present system produces a very large revenue to the Government; but I think that revenue is likely to be interfered with by the competition of Malwa opium.

1824. Has not the Malwa opium coming into the market occasioned a great fall in the price of opium, and a large increase of consumption in China?—The increase of consumption I attribute entirely to the fall in price.

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1825. Do you think that there would be a further increase of consumption of opium in China, if, by removing the monopoly, the price was to be still further reduced?—Yes, I quite concur in that view.

1826. Would not every measure having a tendency to open a market for the produce of India, assist in enabling that country to effect the annual remittance of nearly three millions sterling required to be made to this country?—Yes; any means which can be devised to find a market for the produce of India in any quarter, I conceive, will improve the powers of remittance to that extent.

1827. Do you think that if the China trade were thrown open to Europeans, and the opium monopoly discontinued, it would present a channel for regularly effecting a large amount of remittance from India to Europe?—I think it certainly would.

1828. Inasmuch as it would open a steady market for a large amount of one of the staple productions of India, would it not be beneficial to the inhabitants of India, by lightening the burthen of making remittances to this country?—It would, unquestionably.

1829. Are you aware that they are beginning to grow opium to a large extent in Java?—I saw that stated in the evidence, I think, of Mr. Deane, who was examined about a year ago; but I have no personal knowledge of Java.

1830. Are you aware that the consumption of Turkey opium still continues to increase?—That is, I believe, also increasing; but not at all to the extent of the Malwa opium.

1831. Is it your opinion that Malwa opium can be grown cheaper than Bengal?—I believe not so cheap, nor so good.

1832. Would it be necessary for Government to take off all taxation on the Bengal opium to allow it to compete with the Malwa opium?—No, not all taxation, I think if they were to substitute an excise or license, they might still derive a considerable revenue, and it might be shipped so as to meet the Malwa opium.

1833. Have you made any calculation of the revenue the Government might derive from opium in that way?—No, I never entered into the details; but it has struck me, in consequence of the great fall in the Bengal opium, which has already affected the revenue, with the chances of a great supply of Malwa opium still continuing, that it would be necessary to adopt some measure in Bengal for that purpose; and I believe Lord William Bentinck had in contemplation the substitution of either a transit or an excise duty on opium, instead of monopolizing the growth of it.

1834. Would it not be difficult to prevent smuggling in opium, owing to its being valuable in comparison to its bulk?—I think the same establishment that is used for the purpose of checking smuggling now, might be continued at the same expense. I do not see myself any obstacle to the prevention of smuggling, arising from any difference as to whether it should be monopoly or excise.

1835. Do you think it would be necessary to have an increased establishment to prevent smuggling to a great extent?—I think not; but my opinion is only that of a person who has given a general attention to the subject.

1836. If any country, such as Java for instance, can raise opium at as cheap a rate as Bengal, and allows it to be exported to China free of duty, would not such

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such opium engross the opium trade, and drive the Bengal opium out of the market?—If the cost of production in Java be less than in Bengal.

1837. Will it not, if it be equal, but not subject previous to exportation to the payment of any duty, and free from a monopoly?—If it comes to the consumer at a cheaper price, of course; but I am not at all aware of the price of opium in Java.

1838. Have there been twist mills established lately in India?—There have.

1839. What is your opinion as to the consequence likely ultimately to result from them?—I have very great doubt whether they will be able to compete with the cotton mills in England.

1840. Upon what grounds do you entertain such a doubt?—One reason is, that there is great difficulty at Calcutta at present in repairing the machinery employed, and any accident happening to it is likely to stop the whole. The cotton twist that has already been made at those mills of corresponding numbers with those sent out from this country, has not I understand been so much liked by the natives as the English: it bears a less value than the corresponding numbers from England. It may be a matter of fancy, but there is a prejudice in favour of that which comes from England.

1841. Is it likely that considerable establishments, such as foundries and others, will be set up in Bengal to meet the demands for machinery, which is now sent out to a large extent from this country?—Yes, it is no doubt for repairing machinery; I speak to that point with some degree of certainty; for a gentleman of the Madras civil service, Mr. Heath, who came home to this country, but is now returned to India, and who is connected with the house to which I belong, has set up a foundry at Porto Novo; and by a recent account which I have received, I am informed it has been just brought into operation, and that the iron cast there has been found to be of the very best possible description.

1842. Mr. Heath has gone to Madras with a monopoly given to him to a certain extent for the remainder of the present charter?—Yes.

1843. You state that the iron he makes proves to be good?—Yes; I saw an account very lately published of his attempts. We had intended at one time to establish Mr. Heath at Burdwan, immediately contiguous to our collieries, as there is a great quantity of iron ore in the vicinity, and the facility of having fuel on the spot seemed a great advantage; but Mr. Heath himself thought that the quality of the iron ore at Porto Novo was better than that at Burdwan, and there was a great supply of wood at the former place, and wood is preferable to coal for the manufacture of iron.

1844. Have you any account which shows the price at which he can manufacture iron which will bear a comparison with the iron from this country?—Much cheaper than the cast-iron sent from this country.

1845. He also expects to make steel equal in quality to Swedish steel, does he not?—He does; he has already, I believe, made knives and scissors, which have been considered by professional persons here equal to any from Sheffield.

1846. Do you recommend that he should manufacture the iron at his own foundry, or send it to Calcutta to be manufactured?—I rather think that he will find it better to send his iron to Calcutta.

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1847. You have a water navigation up to Burdwan, have you not?—Not at all times of the year; for about four months in the year it is navigable to boats of the largest size.

1848. Are you aware of the vast and extensive establishments which exist at Glasgow, Manchester, and the neighbourhood of other manufacturing towns, for the sole purpose of making machinery, and the extreme nicety in the manufacture of it, upon which the perfection of cotton, silk, and other goods made by it depends?—I am quite aware of the necessity of the extreme delicacy of the work; but I am not personally acquainted with the processes of making machinery.

1849. Do you think it probable that large manufactories will be established at Calcutta or other parts of India for the sole purpose of making machinery of a highly-finished description?—I think that will depend in a great measure upon the success of the Gloucester mills. Parties at present are scarcely likely to venture on such establishments, till they see whether the making of cotton twist or piece-goods in India becomes a profitable speculation or not. The Gloucester mills have a foundry attached to them.

1850. Will not much depend upon the quality of the cotton grown in India? Is not the cotton grown there of an inferior quality to that which is principally used in the manufactures of this country?—Unquestionably; but cotton may come from America to India; it has come in small quantities, and the cotton of the country has improved in some degree, and may improve more.

1851. Where is it in India that the wootz is principally manufactured?—On the coast.

1852. On what part of the coast?—I believe at Porto Novo; and somewhere on the Godavery there are native manufactories, but I am not quite certain as to the place.

1853. What is the extent of the coal-field at Burdwan; has that been ascertained?—No, the limit has never yet been ascertained; it is very extensive, quite extraordinary.

1854. In what direction is the field?—It is working now chiefly east and west; I think the field runs in that direction.

1855. What is the extent of the district possessed by the house to which you belong?—We have about four miles. The seam we are now working is very thick, about nine feet.

1856. Have you ascertained by a perpendicular shaft how many workable seams there are?—We have passed through a seam of about two feet; it was near the surface, and we did not think it good coal. The seam we are now working is about 90 feet below the surface.

1857. Does the seam extend nearly horizontally?—Yes; we have hitherto had no danger from fire-damp.

1858. How do you get rid of the water?—We have a small steam-engine there; it pumps the galleries out in about half an hour; it is principally rain-water.

1859. Has the coal proved good for all purposes in the manufacture of iron?—Not so good as English coal; the best kind of English coal I think better.

1860. Have you ever made coke?—We have; but it has been with difficulty. A gentleman more conversant than I am with the actual qualities of coal, gave it

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as his opinion that we should, by going a little lower, get a quality equal to any in England.

1861. Is it a cakey coal?—No, it burns to an ash.

1862. Did you ever turn your attention to the means of getting coal from New South Wales?—No, never.

1863. Do you think that has attracted attention in Calcutta?—No, not at all. We have another coal-field, nearer Calcutta, on the banks of the Hooghly. We have lately established a sugar manufactory on the West-India process, and we found a vein of coal near the spot.

1864. How far from Calcutta?—It is at a place called Merzipore, about 40 miles from Calcutta.

1865. What is the thickness of the seam?—That I am not acquainted with with certainty; it is about two feet, I think.

1866. How near the surface is it?—Close to the surface.

1867. Does the coal extend over a considerable tract of country in the other place?—Very considerable; there is a chain of hills and forests, which I have no doubt connects it with the new mine, though they are 150 or 200 miles apart.

1868. In the event of any great demand for coal for the working of steam-boats or steam-engines, would it be possible to improve the water navigation to bring it at a cheap cost to Calcutta?—If the coal-field I have latterly alluded to be as good as that we have worked for some time, there is a water conveyance, as it is on the Hooghly, which can be navigated at all seasons of the year; but I have heard of it only lately, and cannot speak to it particularly. In erecting the sugar-mills and in turning up some of the soil, they found surface coal appearing, which led to further inquiries.

1869. You have stated that there are about 30 or 40 mercantile houses now in Calcutta; how many of them do you suppose Government could safely have bills on to a considerable extent, without having the security of goods?—I think there are very few that they could not; and there is little or no distinction between the credit of houses which have been more recently established, and of those which have been established for a longer period.

1870. Do you think there are 30 houses whose bills could be taken prudently if offered?—Perhaps from 20 to 25.

1871. Without any security but their own credit?—Yes; trade in all times and places involves some risk, but not more there than elsewhere.

1872. Suppose that the Government found there was some difficulty in procuring from the mercantile community the bills they required, or that there was a combination among the merchants, how would they, if they were not previously prepared for such a case, get bullion sufficient into their own hands to meet their wants?—I conceive they must have the bullion in their possession in order to buy the bills; therefore that if they could not get bills on terms they might think advantageous, they would remit the bullion.

1873. That is supposing Government to pay for the bills in bullion?—Yes.

1874. If the authorities at home were to draw bills on the Indian treasuries, and were to dispose of those bills in the English market, as one means of facilitating the remittances from India to England, do you think such a mode of remittance

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tance could be made use of to any considerable extent?—I think that if the restrictions were taken off the resort to and residence of Europeans in India, it is probable British capital might be transferred to India; in that case they certainly would be able to sell bills on India, as a mode of furnishing that capital in India.

1875. Do you not think that if such a mode of facilitating remittances was to be generally used, capitalists in England would be found to be regular purchasers of the bills, as a means of promoting the trade of individuals, and that it would become a branch of banking?—I think that would be a good deal influenced by the object to which I alluded. I do not think there would be any great demand for bills on India in this country, unless parties were desirous of transferring capital for the purchase of lands or other permanent investment in India.

1876. Is it not probable that individuals who want money in India would have letters of credit, as the Americans have in some instances?—That would depend of course on their calculations how they could do it cheapest; I do not know that in some cases it might not be more advantageous for persons in London to get a bill on the Bengal government than a letter of credit from an agency house, but credits have this advantage, that you do not take up money unless you want it.

1877. Taking the case of a large house like your own, do you not think that if such bills were to be had from the Company for money, they would become a regular article of traffic?—Unquestionably, for absolute remittances I think they would; they would have a general superiority in the market, from the credit of the Company.

1878. Is it your opinion that the indigo trade to Europe will much increase?—I do not think it will increase much beyond its present amount, unless there is any great increase of manufactures in this country, then indigo will become of course more in demand; but I think at present the supply of indigo is rather above the demand.

1879. Is not the Bengal indigo infinitely cheaper than the South American indigo?—Undoubtedly; at the present prices, Bengal indigo will drive all others out of the market.

1880. Can the growers of indigo in Bengal afford to grow it at the price it is now at in this country?—I think the better description of factories can, even at the present prices; but it will only just pay them. It will not give any profit to an intermediate person; it will only pay the planter himself.

1881. You have given an opinion upon the silk trade in your letter to the Board of Control; can you say why individuals have not established factories in places where the Company have none?—The silk trade depends upon where the mulberry tree will grow. I have not a direct knowledge of the whole country, but I think the growth is confined to certain parts of Bengal.

1882. You think that the Company have established factories in every situation where it will grow?—Yes, in every eligible situation they have a large tract of country under the influence of their silk agents. I do not know where individuals could establish silk filatures without coming into competition with the Company.

1883. If the Company were to cease producing silk themselves, and were to offer to let their establishments, do you think they could find capitalists willing to take them, to pursue the silk trade as a business?—I have no doubt there would be persons

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persons enter into the silk trade ; whether they would take the Company's filatures I cannot state, for the Company have built more expensive filatures than they might wish to purchase.

1884. Take them at rents equal to their value?—The Company's filatures are on a handsomer scale of building than a private merchant might think necessary ; therefore, if the Company expect interest upon their outlay, that would perhaps stand in the way ; but if the rent was such as a private merchant would be able to give, I think there would be no difficulty.

1885. Take it on the principle of an establishment being to be bought at a less cost than that which will remunerate the original undertakers?—The Company's agents live in very splendid houses, which cost a great deal of money. I have a brother in the service, who is acting commercial resident at Jungypore, and the house he lives in is positively a palace.

1886. You think that the establishments in which the Company conduct their silk business, are upon such a scale of magnificence as would be ruinous to individuals if they attempted conducting their business in a similar manner?—I do not think that any private merchant going into the interior to engage in the silk trade would think of erecting the sort of houses which the present commercial residents live in.

1887. If the Company were to withdraw from the business, have you any doubt that individuals would pursue it lucratively?—I think that the price of silk might be very much reduced by private competition and private economy, and that the silk trade would be greatly increased.

1888. Within how many years is it that no impediments have been thrown in the way of individuals going out to India to pursue the silk business?—I recollect a case about five or six years ago, or longer than that, of a gentleman not being able to go out to India in consequence of its being supposed he was going to embark in the silk trade ; but that is an individual case. Other gentlemen have gone out for that purpose, but have returned to England, finding they could make nothing of it.

1889. Must not the circumstance, that only a few years have elapsed since impediments have ceased to be offered to individuals going to India, be considered one of the reasons why they have not engaged in the silk trade?—I think it may have prevented other persons going out.

1890. It is acknowledged at present that the Company's silk is better than that imported by individuals?—Unquestionably.

1891. Do you think there is any danger of its deteriorating, if it fell into the hands of individuals?—I think not ; the price depending upon the care which the individual exercises in the production.

1892. Has it not often happened that quantity, instead of quality, has been the great object of speculation?—No ; I am not aware that that is the ordinary principle in any mercantile speculation. In silk, too, I consider the quality of great importance.

1893. What do you think would have been the effect in this country on the state of the manufactures of cotton or woollen, if the Government had engaged in them ; do you think it likely that those manufactures would be in a state of greater per-

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fection than they are now, when they have been left entirely to the enterprise of individuals?—I am of opinion that all government interference is prejudicial. I do not think that a government can devote sufficient attention to such concerns.

1894. With regard to the trade of Calcutta with the East Indian Archipelago, can you state the present amount of that trade, and whether it is susceptible of any increase?—I cannot state its amount without reference to documents. I do not think there is any increase likely to take place between Calcutta and the Archipelago; it is likely rather to fall off, because there is a direct communication between England and those ports.

1895. Of what did the exports from Calcutta consist?—They used to consist of British manufactures sometimes, and the lower description of Indian cloths went down to Java in considerable quantities, but those are all getting intercepted by the British manufactures; there was also opium.

1896. Do you think, from what you know of the state of the native manufactures of China, there is a prospect of the British manufactures entirely superseding them, either by means of a licit or an illicit trade?—I have no doubt that the British manufactures would drive the China manufactures, or a great portion of them, out of the market, if greater facilities were afforded to persons trading there. In the article of cotton twist sent out to China, there has been a growing demand, and one proof of its being very acceptable to the consumers is, that the Chinese spinners have become very jealous of it, and have tried to destroy it wherever they can find it.

1897. If the British were allowed freely to navigate those seas, have you any doubt that a considerable trade in British manufactures would be carried on, whether the government allowed it or not?—I believe the Chinese are a very commercial nation, and that, in spite of obstacles presented by their government, trade would be carried on.

1898. Is it not peculiarly a weak and corrupt government, and unable to enforce its fiscal regulations?—Judging from the effects of its prohibitions thundered out against the introduction of opium, I conceive that is the case. There is a great contradiction between its principle and its practice.

1899. Why have not the Americans, who are free, pushed this commerce to the large extent to which you think it might be pushed by the English?—I believe that the Americans have pushed it to a very considerable extent, and to an extent to our disadvantage.

1900. Are you not aware that the American trade has of late years been decreasing?—Yes; but then I attribute that to the cessation of hostilities in a great measure. At one time the Americans had the whole of the trade; when we were at war with France and the Continent, the Americans carried on the whole trade between Europe and China.

1901. Are you aware whether the Americans trade to any other port besides Canton?—I think that some of their ships have been to the northward, but I am not quite sure.

1902. Have they traded with any success?—I cannot say; I merely infer that they must trade successfully, for there are American houses at Canton possessed of very large capitals.

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1903. Must not this enter into one of the reasons why the British can carry it on better than the Americans, that if the present prohibitions were removed, the greatest market for tea in the world would be opened to the British, namely, the home market?—Certainly.

1904. Would not that tend to give a lift to the trade?—Certainly.

1905. What amount of trade is carried on between Calcutta and Bancok?—I cannot speak positively, but not much.

1906. Have you ever been connected in any mercantile transactions with the Siamese?—No, our house has not.

1907. Are any metals or minerals imported into Calcutta from Siam?—I rather think there is an importation of tin, and I think copper, to a small extent.

1908. Any of the precious metals?—There has been gold-dust.

1909. Are they jealous of the British intercourse?—I have no direct means of knowing that. We have lately had in Calcutta two large vessels from Cochin China, who came up with cargoes of sugar, but they could not find a market for it, and they returned with their cargoes. These were the first ships I ever saw in Calcutta with that flag; they were very anxious to purchase one of the small steam-boats to take back with them.

1910. Supposing all restrictions on the trade with the East to be removed, what do you think would be the principal channels into which the trade with India and China would fall?—I think traders would take out manufactures to India or to China direct. If they took them to India they would there take in opium or cotton for China, and the same vessel might immediately come with a return cargo of tea to this country.

1911. Are not the greatest impediments thrown in the way of a beneficial trade direct between this country and India, in consequence of a direct China trade not being permitted?—The greatest difficulties.

1912. Are you at all acquainted with the local trade of China?—I have never been in China; I only know it as between Calcutta and Canton.

1913. You cannot from personal knowledge give an opinion whether it would be probable that disputes would arise, or whether the trade would go on with facility?—Persons that go from Calcutta to Canton do not appear to create any disputes with the Chinese.

1914. Have not the commercial transactions of Calcutta gradually extended of late years?—Yes, they have very much increased.

1915. In proportion as they have extended, have you observed an increased disposition on the part of the natives to engage in them?—Yes; I think the natives of Calcutta are becoming every day more desirous of entering into commercial speculations.

1916. Do you think, in the present state of the world and of commerce, it is likely that any country like China, if it wished to prohibit intercourse with Europeans, could successfully do so for any long period?—I imagine not. In spite of every restriction the Chinese government might wish to impose, trade would still force its way into China by some channel or other.

1917. Why do you suppose that the Chinese might not impose restrictions in the same manner as the French do, and the Americans have done of late?—The

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reason I do not think they would do so is, that the greater portion of the Chinese people would find so decided a benefit in getting our manufactures instead of their own, that they would successfully remonstrate with their own government against imposing restrictions, or evade them.

1918. Would there not be equal benefits to the French and Americans, from their having manufactures cheaper?—I believe there is a great body of Americans who object very much to the tariff imposed, and that it is likely to be done away with in consequence of such objection. But national considerations or prejudices not unfrequently oppose correct commercial principles, and the influence also of one portion of a people may deprive another of commercial benefits.

1919. In spite of the difficulties interposed by the Americans, do we not find the means of selling goods or produce in some way, to purchase from them their raw cotton?—I believe the effect of the tariff has been not so destructive of the British manufactures as was contemplated, and that immense quantities find their way there. It is still advantageous to buy them.

1920. If we are able to find produce or manufactures with which to purchase cotton in the United States, is it not probable that we shall find there is some produce or manufactures wherewith we shall be able to purchase the tea of China?—I have no doubt that some manufactures or produce will find their way to China to enable us to purchase the tea.

1921. Is not opium an article which, from its great value in comparison with its bulk, is exceedingly favourable to a smuggling trade?—Exceedingly favourable.

1922. The use of opium having once been established to so great a degree in China, do you think it probable it will ever decline?—No, I conceive the consumption of opium will always increase; it is a taste which is likely to increase the more it is encouraged.

1923. What amount of commercial transactions is carried on by the Americans with Calcutta?—The exact value I cannot of course say, but they have from 15 to 20 ships every year in Calcutta.

1924. Of what does their trade consist?—They generally bring out either bullion or bills, and sometimes manufactures; sometimes British and sometimes their own manufactures; a few odds and ends, small matters to no great amount, but things they produce or manufacture; and they take back indigo and silks, and a great deal of saltpetre.

1925. For what country do they generally clear out on leaving Calcutta?—The greatest proportion for the United States; but sometimes they clear out for the Mediterranean, and sometimes for some of the northern ports of Europe.

1926. Do they clear out for China?—They do not go from Calcutta to China.

1927. Has there not of late years been an increase in the French shipping employed in the indigo trade?—A very considerable increase in the ships under the French flag.

1928. Are you aware whether that is referable to any other cause than the treaty of navigation between this country and France?—I believe it is principally owing to that treaty the French can purchase their indigo in Calcutta cheaper than they can introduce it from England.

1929. Do

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1929. Do the French as well as Americans principally deal with native houses for the purposes of agency?—No, the French deal with French houses chiefly; there are French houses in Calcutta.

1930. Why is it that the native houses are able to do business cheaper?—I can scarcely call them houses, they are rather brokers. There were two natives of Calcutta, one whose name was Ramduloll Day, who is now dead, and who left a very large fortune, having commenced business as a sircar on four or five rupees a month. He left 300,000*l.* or 400,000*l.* He was a Hindoo, and was brought up as a clerk or sircar in the house of Messrs. Fairlie and Company. He there picked up habits of business, and became a broker upon his own bottom. By some introduction to the American captains, he got the management of their cargoes. It is usual when a vessel comes to Calcutta to employ a native to find things for the use of the crew, &c.: he began in that way, and the American captains found he could buy their cargoes for them on better terms than they could get them from the established houses, and he consequently engrossed a great part of the American trade with another native, Ram Chunder Mitter, who, I believe, is also lately dead. The Americans will now have to employ Europeans, unless there are other natives who have succeeded the two I have mentioned.

1931. Was Ram Chunder Mitter a Hindoo?—Yes.

1932. Are not the French great consumers of indigo?—Yes, their consumption has lately very much increased.

1933. As this country would not permit the products of India to be brought here in French vessels, the French would not therefore allow the produce of their country to be conveyed in an English vessel; is not that the sole cause of the increase of French shipping which has taken place in that trade, since under the arrangement it became necessary for them to employ some other than British ships in order to fetch their indigo?—I attribute it almost entirely to that cause. The French ships import a great quantity of wine into Calcutta. There is an additional duty however on indigo brought into France *via* England.

1934. The export of wine to India appears to be an increasing trade; do you conceive that the consumption is wholly European, and that there is no disposition on the part of the natives to consume wine?—I believe they consume a great quantity of wine in Calcutta, certainly.

1935. Do they elsewhere?—To a certain extent in the interior; but the natives in Calcutta of course, from their being so much more with Europeans, are divested in a much greater degree of their prejudices and habits than others. I heard from a native shopkeeper in Calcutta, who is one of the largest retail shopkeepers, that his customers for wines, and brandy, and beer, were principally natives.

1936. What should you say was the favourite wine among the natives?—Champaigne.

1937. Formerly they did not consume any wine?—Very little, I believe.

1938. Is it not contrary to their religion?—I do not know whether it is contrary to their religion, but it is contrary to their habits; I believe not contrary to their religion. It is not done openly, but when done it is a violation of their custom rather than of their religion.

1939. In

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1939. In your letter to the India Board you state, with regard to the restrictions placed upon the government of India, preventing their making to mercantile houses advances of money, that such restrictions were placed by the Directors; have you any authority for stating that your representation of the mode in which it was done is correct?—Only from what appeared in the examination of Sir Charles Forbes; I have referred to that in the margin, that is my only authority.

1940. Are you aware that Sir Charles Forbes had no official mode of getting at the facts?—That of course I am not acquainted with; it struck me as a very extraordinary circumstance, as he stated it; and I have no hesitation in repeating that it appeared to me there must be some misapprehension.

Jovis, 29^o die Martii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

GEORGE G. DE H. LARPENT, Esq. called in and examined.

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1941. Do you mean, by your statement in the paper you have laid before the Committee, that the trade to China should be laid open to the public, or otherwise?—It is taken for granted in the statement, that the China trade is brought under individual management, and thrown open to individual skill and enterprise. I take the amount to be provided for in India for remittance to England at seven millions, and that recourse must be had to a combined operation with China, for the purpose of bringing that sum home. That the machinery which now exists of remitting back the 1,500,000 dollars from China to India would be saved, and that those very dollars would be sent direct from China and placed in London for the purpose of paying the territorial charges here, whoever may govern India.

1942. Is it your opinion that under those circumstances the Company should lose the supply of tea for the home market?—I am not prepared to say that the agency of the Company in the China trade should be altogether dispensed with, but I think that every possible facility should be given to private trade, consistently with the existence of the trade with China not being endangered by the peculiar jealousy of the Chinese; and referring to the exclusion from Japan, a country somewhat similar, I doubt whether the agency of the Company should not be used in the purchase of the teas. The Company's factors might, through the Hong, purchase the tea on a rated allowance per pound or a per-centage; and I have not the least doubt but that the general trade being left entirely free, merchants would purchase the tea of the Company, and that by this mode everything connected with China might be carried on with safety. The only questionable point, in my mind, is the possible collision between the private purchasers and the Chinese sellers of tea, in an entirely open trade.

1943. Your difficulty would be removed by having a body to deal with, a body such as the Hong merchants?—Yes; but with this guard, that a provision should be

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be made in any new Act, that if it were found expedient, in the course of the period fixed for a new charter, to throw open the purchase of teas, even that should be taken away from the Company; because I conceive that a monopoly trade of any kind in the hands of the Company is not justifiable, except on the sole ground of its being dangerous to the existence of the trade itself to remove the restriction.

1944. Were you ever in China?—Never.

1945. You suppose that if there was a free trade, and every individual allowed to trade as he thought proper, there might be a chance of collision with the Chinese, and that through that we might lose the advantages of the trade?—Certainly.

1946. Setting aside the difficulty of collision, are not you of opinion that a powerful body like the Company is more likely to keep the body with which they are obliged to trade, the Hong merchants in China, in order, than scattered individuals coming each with his own cargo, and shifting and dealing merely for his own adventure?—Certainly that is my opinion. In all ordinary trades with ordinary nations, individual enterprise and skill will best accomplish the object; but considering what we have heard and known of the Chinese, and that the evidence is so conflicting, I think it would be extremely desirable to interpose in the purchase of teas a united body like the Canton Factory to negotiate with the Hong. This would have a double effect; it would oppose a combined strength to the combination that exists in the Hong, and prevent an undue enhancement of price or excess of charge on the tea; and, above all, it would prevent the adulteration of the article itself. My judgment is formed solely from what I have read, or collected from oral testimony, but we must consider the nature of the Chinese government and institutions; we well know that the tea is brought from a considerable distance to Canton, on the absurd principle that the accumulated charge for carriage is beneficial to the Chinese; and to retain these supposed advantages they will not allow us to go nearer to the provinces where it is grown. Then there is the same jealousy towards us that has operated in confining the Russian trade, and the Spanish and the Portuguese trade, to certain narrow limits. In short, in the China trade it is not dealing with commerce under ordinary circumstances. But what I venture to propose is the only limitation I should put to a free trade with China; all the outward trade might be left to individuals, and I should say, restrict as little as possible, consistently with safety. And if by any machinery it should be managed that the Company should trade with the Hong in the purchase of teas, the great end I have in view, security for the trade itself, might be accomplished; for there is no doubt the private trade would carry off the cargoes of teas which would be purchased, there being so steady and universal a demand for the consumption of tea in England, and a demand for remittance from India to England, which would be met to the extent of the cost of the tea.

1947. You would not propose that the Company or the Company's Factory should act as this intermediate body, if you do not leave to the Company the whole benefit of the trade, or give to the Company some intermediate profit between the Chinamen and the trader?—My idea would be to leave a certain rated profit to the Company on every pound of tea they sold; all the present evils would continue to exist if the Company had large ships to send out, and all their expensive establishments.

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ments. I should simply put the Company or their Factory between the trader and the Chinese. I think we should have a provision in the Act of Parliament to see how that worked, and that there should be a power of alteration during the charter: indeed it was one of the defects in the last arrangement that there was not a similar power given to modify some of its restrictions or provisions, according to the will of the Legislature, on certain terms with the Company. There is no just claim on the part of the Company to a monopoly, but its expediency rests purely on the danger of losing the whole trade, from individuals coming into contact with so extraordinary a people as the Chinese.

1948. Do not you suppose that the establishment of some powerful consulate on the part of the Crown, might obviate the difficulty you mention?—I should rather say, that the very danger we are now subjected to in China shows the inexpediency of such an establishment, for the collision which has recently taken place with the Chinese is to be attributed, perhaps, in a great degree, to the diplomatic character or the non-mercantile character of the present Factory; all the young men sent out are highly educated men, but their feelings are rather more alive to the honour of the country and the political position in which they consider themselves placed, than influenced by the mercantile views which ought to govern them. Whether the present establishment is the best, I cannot say; but I think anything in the nature of a consular establishment would at once bring the British into contact with the Chinese government, in which case we should be bound not to pass over insults which might be offered by the pride and arrogance of the latter, and which might ultimately produce hostility; and a war to force a trade would, I conceive, not only be exceedingly questionable in its principle, and enormously expensive, but in its result be very problematical.

1949. Are you aware that private enterprise has lately sent several ships on the east and northern coast of China, to encourage the trade, and many have been successful in their speculation?—I do not know of my own knowledge.

1950. Is it your opinion it would be wise in the Company, in remittance home from India, to take bills, taking at the same time the security of goods?—My opinion is, and it is partly founded on what has taken place since the Company adopted that plan, that it would not be operative to any great extent, except in the peculiar and distressed state of the money market of Calcutta, such as took place recently.

1951. The exchange was not above a bullion exchange, was it?—No, the exchange never can be much above a bullion exchange.

1952. Was it equal to a bullion exchange?—Yes. With regard to the state of the remittance trade of the Company, and the purchase of indigo as a part of it, the Company have given an unnatural stimulus to the growth of indigo, and by coming in every year to buy so largely, a higher price has been fixed than was justified by the state of the home market; and the consequence has been a great loss upon the remittance, which has been sent by the last accounts.

1953. How do you account for the price the Company pay being so high when it is done by public tender?—When the Company come into the market, at the commencement of the season, their wants are known; and though I cannot speak from any local knowledge, I believe it is unquestionably true, they have submitted to
prices

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prices which no other merchant would have given, looking at the state of the home market.

1954. Do you think there is any combination among the merchants under such circumstances?—No, I think that impracticable; but when it is known that a public body is to come into the market for a very large purchase, the whole trade is in an unnatural state.

1955. When it is very advantageous for every individual to sell on the spot at certain prices, how does it happen that the price is kept up beyond its natural price if there is no combination?—I only account for it by the wants of the Company being known, and the extent of their purchases being accurately known. Their ships being ready, and the necessity of sending home a large supply existing, unquestionably they have raised the price of the article, and that has given an unnatural stimulus to production, so that the indigo market has been in an unnatural state, and stocks have been accumulating, whilst I see by the accompanying table that prices have been paid which must have given a loss.

1956. In your examination of the accounts, have you met with any statement or account, drawn out upon ordinary mercantile principles, of the commercial transactions of the Company, showing the progress and condition of their trading concerns?—I have not sufficiently examined the accounts to be able to give a decided answer. With reference to some parts of the commercial accounts, there is not that commercial allowance for bad debts, which would materially influence the profits, and which is taken into the calculation in every mercantile account; the accounts are so voluminous and important that no person is qualified to form an opinion upon them without very attentive examination.

1957. Do you conceive that an union of the operations of the two departments, Commercial and Territorial, in one body, ought to occasion any difficulty in the way of a correct balance-sheet being made out of the separate affairs of each?—No, I do not.

1958. Do you conceive that such a balance-sheet would facilitate the reconciling any discrepancies which at present appear upon the face of the accounts?—Yes; I know no way of getting an accurate result of the accounts but by a balance-sheet.

1959. You conceive that the discrepancies must in that way be explained or accounted for?—Certainly.

1960. Do you conceive that a correct judgment can be formed of the accuracy of the financial statement or the financial condition of each department, without a balance-sheet of the whole or of each side separately?—No; I think the fair result of any matters of account can be obtained only by a balance-sheet, for without a balance-sheet we are always liable to great deception; one of the plainest and most unequivocal principles of accounts is to deduce every thing to a balance-sheet, and then every debtor has his creditor, and the final result would be made apparent. Persons may puzzle themselves upon these figured statements for years; and the proof of that assertion is, the difference in the accounts of Mr. Langton and Mr. Melvill and Mr. Rickards, all working upon the same materials.

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1961. Ought

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1961. Ought not the balance of unappropriated commercial profit for each year to agree with the accumulation of commercial property at the end of each year; and when it does not, would not a balance-sheet account for the discrepancy?—Certainly, and in the following way: At the commencement of the operation there is a certain stock or capital with which the trade is carried on during a certain period; this stock or capital is valued when the period of trading expires, and thus it will be known whether in the intermediate process there has been loss or gain, or how much has been lost or gained.

1962. You state in your paper that stores might be supplied in India by contract, and that the Government in India might obtain them on better terms?—I find that as our Government want stores, from Russia for instance, so we purchase them by contract; and so might the Indian Government, by a contract with a merchant in Calcutta, order his stores through his correspondent in London, and with proper securities the stores would be furnished at a certain time, and probably at a cheaper rate than the Government themselves might furnish them.

1963. How would you supply great guns and shot, and things of that kind, by contract?—I cannot immediately say how I should cast about to do it, but I have no doubt that they might be obtained here when once the demand was fairly made; I think there is no difficulty in supplying them either in India or here.

1964. The East-India Company contracted lately with a house of large means, that the guns when sold to them here should be sent to Woolwich to be proved, and the whole of them burst; suppose those guns had reached India at a time when guns were greatly wanted, and the same had happened, how were they to be supplied under those circumstances?—In an exigency of that kind, there can be no doubt that an application from the private contractor to the British Government to have the guns proved would have been granted, and thus the same results would have followed as in the case alluded to. I suppose that the contract is made through the medium of a house in London, in the same manner as the Company do it now. If the Government in India wanted certain articles, they would advertise for them to be delivered through the medium of *A. B.* in India at a certain period; the contractor would employ his agent in this country, and it would be the business of the agent to send them out.

1965. How are the Government there to see in this country that the goods are fit for their use before they leave this country?—The contractor would certainly see to that, and it might be provided that the guns should be tried in this country and then sent out, and that the contract should not be completed without an Ordnance certificate of their proof. I am sure that there would be no difficulty in all the orders for military stores being supplied on as low terms as they are at present, and quite as efficiently.

1966. Upon what grounds do you think that the papers placed before the House of Commons, relating to the debts on the silk account, are not correct?—My reason for believing it is, that in all business requiring advances to be paid before the article is delivered, there is considerable loss. I know in the case of a private adventure, which required also advances, and was in competition with the Company in silk, the losses were large. My opinion is, that the account ought be made up with the regular Factory charge, with the market rate of interest, with the full commissions,

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missions, and with the amount of the bad debts which arise from the advances, carried to the debit of the silk account; and when I look back to see what allowances have been made for the doubtful and bad debts connected with the silk business, I find there is a return giving only 15,000 rupees, which is so decidedly below what I conceive must be the case, that I cannot have any faith in that account.

1967. Do you find any account of the capital laid out on the establishment and machinery?—I have seen none at all; and it appears essential to forming a correct judgment of the actual cost of the silk, to obtain information as to what it there actually stood the Company in; without having an account of the bad debts, and every charge and expense included, the cost cannot be ascertained.

1968. Do you think that if the Company proposed giving up their silk factories altogether, there are individuals or bodies of individuals who would be inclined to take them?—I have no doubt there would be, if the Company went out of the trade altogether. Silk has increased so much in consumption at home that capital in India would be invested in its production, as has been the case with indigo; indeed it would be very desirable to have another article in which capital would be profitably invested.

1969. Is the Company's silk better in quality than that of others?—It generally is; others have been advancing up to the Company's, but their's is still the best.

1970. Do you think there would be any fear of its losing its character, in case of the Company giving it up?—I think not.

1971. Do you think that the indigo trade could be carried further than it is at present?—On the contrary, I think it is carried to excess now.

1972. It supplies the whole of Europe?—It does, very nearly so.

1973. Can you state to the Committee any article of Indian produce, the consumption of which you think would be materially increased by opening the trade?—I consider the trade as practically open now, except indeed in such particulars as connected with political circumstances. I mean, for instance, how far residence in India may be permitted. There is no impediment to carrying on trade freely with India; the only existing evil is the Company trading themselves, as they do not trade on the ordinary conditions of profit and loss. I am perfectly aware that the Company do not trade now as merchants, and that the only trade that they cling to is a trade of remittance. The impediment thrown in the way of respectable persons going out to India, under the present state of things, opens another wide field of discussion, how far it may be proper to allow Englishmen to go into the interior, and whether respectable individuals with capital will be induced to go with the present law of deportation existing, and whether it will be safe to remove it; these questions are all connected with the political state of India, into which I will not enter. There are other smaller matters of fiscal regulations, but I know no grievance we have to suffer under the administration of the Company in trade with India.

1974. Do you not think that the exclusion of individuals from the China trade prevents the general trade of individuals going into those channels into which it would fall, if the trade were thrown open?—I have stated my general views on the China trade already; I still entertain the opinion referred to before, namely, that

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the trade to China should be as free and open as possible, with the only limitation arising from the peculiar nature of the Chinese, the apprehension of collision with the Chinese, and perhaps the advantages to be derived from having an intermediate body to deal with in the purchase of tea, in preserving it from adulteration.

1975. The houses engaged in the trade with India do not find any hindrance, or persecution or molestation of any sort, from the Company's authorities?—None that I know of; at the same time, where the Company have, as in the case of their silk factories, mercantile establishments, it was exceedingly difficult for an individual to enter into competition with the Company, until some late regulations were adopted, which originated from a very strong memorial being presented to the Board of Control, and by them to the Company. These representations received due attention from the Company, and in consequence directions were sent to India to provide against the abuses, arising from the right of pre-emption enjoyed by the Company, and the advantages they possessed in obtaining the priority of payment of their debts over every individual, where the Company and individuals had made simultaneous advances; the Government in such cases swept away the whole property. Nothing could be more correct than the views the Company entertained, and the regulations adopted in consequence, but still there is a deference paid to the Company, arising out of their union in India of the character of sovereign.

1976. Have not the purchases of indigo made by the Company occasioned fluctuations in price which have been very ruinous to individuals, although it may not have been the intention of the Company, by means of their purchases, to injure individuals dealing in it?—The best way to answer that will be to put in a statement, from 1821 to the present time, of the amount bought by the Company, in maunds, the price, and the stock in London at corresponding periods. I have also put down the rates at which indigo purchased at those prices stood in London, and the prices which the Company obtained; in order to show that no mercantile establishment would ever have dared to continue to give those prices in the face of such an accumulation of stock and such a state of the market, and that it is the connexion between the Company and the Government in India that has kept up the price there unnaturally. When the Company went out of the market, and declined purchasing as heretofore, which they did in the year 1830, the depression in price was so great as to be ruinous to many individuals.

[The same was delivered in, and read, as follows:]

INDIGO.		Mds.	Price.	Stock in London, end of the Year.
In	the Company bought			
1821-22		3,553	234	1822 - 8,200 Chests.
1822-23	- - -	9,287	312	1823 - 13,100
1823-24	- - -	6,963	277	1824 - 12,200
1824-25	- - -	14,295	282	1825 - 16,400
1825-26	- - -	17,202	231	1826 - 22,300
1826-27	- - -	16,145	276	1827 - 22,800
1827-28	- - -	26,566	264	1828 - 31,100
1828-29	- - -	11,159	270	1829 - 31,200
1829-30	- - -	29,582	193	1830 - 37,600
1830-31	- - -	-	-	1831 - 35,700

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INDIGO.	Average of Company's.	Average Price of Indigo per chest.
At 234 Rupees per Maund, say at 2s. -	7/10 per lb. - - -	During 1822
	1822-23 - 10/2 $\frac{3}{4}$.	
312 - - - - -	10/5 - - -	£. 90 - - 1823
	1823-24 - 9/4.	
277 - - - - -	9/2 - - -	100 - - 1824
	1824-25 - 11/5 $\frac{3}{4}$.	
282 - - - - -	9/5 - - -	140 - - 1825
	1825-26 - 9/1 $\frac{1}{2}$.	
231 - - - - -	7/8 - - -	110 - - 1826
	1826-27 - 8/9.	
276 - - - - -	9/2 - - -	80 - - 1827
	1827-28 - 7/5.	
264 - - - - -	8/8 - - -	70 - - 1828
	1828-29 - 5/3 $\frac{1}{2}$.	
270 - - - - -	9/0 - - -	55 - - 1829
	1829-30 - 4/3 $\frac{3}{4}$.	
193 - - - - -	6/5 quantity on hand	45 - - 1830

Average production from 1812 to 1821, 10 years, average, say 24,890 Chests.
1822 to 1831, 10 d° - d° - 33,170

1977. Where an individual trades for profit, would that circumstance be a check upon the prices which that individual is willing to give; but where a sovereign power trades through means of its agents, and profit is not made the primary object by those agents, would not, of necessity, the prices given be higher by a competition being raised, which would not take place under other circumstances?—Experience proves that entirely, in every respect. I believe as little has been done of late by the Company as possible, for their whole object latterly has been to trade for remittance, and not as a commercial body.

1978. Injury may be done to individual merchants and manufacturers, in the manner stated in a former question and answer, even though such injury might be unintentional on the part of the Company, may it not?—Certainly.

1979. The question, whether the Company has made sacrifices in its commercial character for the purpose of remittance must be tried by the statement of the result of commercial transactions, whether a profit and loss upon those different articles has taken place: if it should appear, for instance, that the Company had made a profitable business in indigo, or in silk, or in any other article, that would be a proof that that adventure has been conducted with commercial prudence, setting aside the value of the transaction for any purpose of remittance?—There is no doubt that the proof of the prudence of the Company's trading must depend upon the out-turn of the different articles purchased by them. The former question, however, had reference to the existence of the Company as a trading body exercising the functions of government; and it was contended, that though the trading might bring the rupee to England a little above the ordinary rate of exchange, it was
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an unfair advantage which the Company possessed, by trading, as they did, with the revenues at their back, and an injustice to the mercantile adventurer there. Whether the Company had or not traded on sound mercantile principles must be put to the test by the result; but that result must be most carefully analysed, the accounts being made out upon commercial principles. On the face of the account it will appear, for the last five years, there has been a considerable loss both on indigo and silk.

1980. If you divide the period of trading in silk and indigo into two periods, does not the latter show a very considerable loss as compared with the former?—It does during the last four years.

1981. Even in the former instance ought not some correction to be made on what the Company appear to have realized on every rupee, depending on the depreciation of the currency in this country?—I should be satisfied as a merchant if I had got, by a remittance on indigo, 2*s.* 10*d.* for my rupee, which when the indigo was shipped was not worth there more than 2*s.* 3*d.* *That* only can be fairly taken as profit which is the excess in the result of the shipment beyond the mercantile rate of exchange.

1982. It might happen that they had got 2*s.* 1*d.*, when, in consequence of a depreciation, the exchange was 2*s.* 6*d.* or 2*s.* 10*d.*?—Certainly, to the extent of the effect of the depreciation of the currency on prices.

1983. Do you know whether much injury has actually accrued to individuals in consequence of the dealings of the Company in the article of indigo?—I consider the present state of the indigo trade to result from that circumstance. The ruin of many factories, and the necessity of curtailing others, to reduce the production more nearly to the level of the consumption, will certainly be attended with much individual distress.

1984. Has the quantity which the Company have purchased of late years varied much?—The Company purchased and shipped to Europe in 1829–30 not less than 29,582 maunds.

1985. What quantity did the private trade send in the same year?—The whole produce that year was about 130,000 maunds, and I suppose about 80,000 came to this country.

1986. Supposing out of 80,000 maunds shipped to this country, 29,000 only are sent by the Company, and 51,000 by the private trade, why should you impute the over-trading to the Company, who are the smallest dealers, and not to the private trade, who have been the largest?—The Company being great buyers, fix the price when they go into the market in the early part of the season. Those parties who want remittances to pay the bills drawn for savings, home expenses, and returns for goods, must buy indigo at nearly the same prices as the Company, and the loss falls partly on the persons buying bills, as the exchange is fixed in some degree with reference to the out-turn of the goods, and partly on the sellers of the bills; the power of remitting home the rupee itself being the limit to the rate of exchange; and the rest of the indigo is shipped not on private speculation, but by those different houses who are the agents of the manufacturers, who support them by advances, and who must themselves take the consequences of profit and loss upon the produce, subject to what the owners of the factories may themselves be

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be able to pay. Hence the continued over-production and the accumulated stock, which is now 35,700; a proof that the trade has been most improvidently carried on in the face of a very large stock and of a depressed market. In 1830 the Company saw their losses were accumulating, went out of the market, bought very little indigo, and advanced upon indigo consigned to this country, taking the bills of the merchants, secured by bills of lading.

1987. If the Company had not been purchasers of so large an amount in a particular year, would not that equally have come to this country by the private trade, and would not the market have been equally overstocked?—Yes; but the attempt of my argument is to show that the Company, by going into the market every season, and giving high prices, have produced the excessive quantity of indigo by that stimulus to production which would not otherwise have existed, because no merchant could have so gone on from year to year; and it is because the Company have been able, with resources not affected by the ordinary calculations of profit and loss, to go into the market, that there has been such a stimulus given to production.

1988. If the interference of the Company had the effect you suppose, of uniformly setting up the prices, would not that rather have deterred private adventurers from making simultaneous purchases, and would not that discouragement of the private adventurer have been the natural remedy for the over stimulus of which you complain?—The other shipments were either on account of the factories, to repay the advances of the houses of agency there, which being already incurred, and the indigo not saleable in India, it must be sent to a market that they may be repaid by the returns. Then there is a demand for about a million and a half for the private fortunes and expenses of the servants in India, and charges of that kind. I take that to be the amount of the private bills drawn by the different houses in India on England; and lastly, the demand for returns for the private outward trade, that must be made in some way or other, and it also comes in this indigo.

1989. The houses of trade in Calcutta, and the houses of agency in London, are all anxious that the Company should cease to trade?—It was the unanimous opinion of the London merchants that it was desirable that the two departments should be separate, and that the Company should not trade; they were all convinced, many of them having been in India, of the incompatibility of the two characters, and the inconvenience the trade suffered from the union.

1990. Do you understand that to be equally the opinion of the commercial body in Calcutta?—I cannot so positively answer that question, not having ever been there.

1991. Are you not of opinion that the commercial houses there would benefit largely by a restriction as to trade being put upon the Company, and more particularly if the Company were obliged to pass through the agency of those commercial houses, as well for purposes of remittance as for the purchase of government stores?—I should think such a separation certainly would tend to increase the business of the agency houses there, and of the commercial body generally; but it is desirable, not so much upon the ground of increased advantages to those parties, as it is by removing difficulties and evils which I think are inseparable

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inseparable from the mercantile body coming into competition with the Company, having such considerable revenues at their back, and not trading on the usual principles of profit and loss. I do not think it desired by the merchants so much under the idea that they shall benefit by it, as from its ensuring the removal of the evils which they feel.

1992. What number of houses, which you should consider houses of good credit and respectability, exist in Calcutta?—The number of commercial houses in Calcutta is considerably increased. The usual practice is to consider about 10 houses in Calcutta as houses of undoubted character and extensive connexions and means. The number of establishments altogether is larger.

1993. How do you think the Company could procure the bills they want in India to remit to the extent you have stated?—By tender.

1994. How would you decide as to those bills which were to be considered good, and those to be considered as indifferent?—There is a difficulty in attempting to enter into the details of what may be required in adopting a new system. I am hardly able to say what would become the practice, but I have no doubt, if it were left to the agency of commerce to make remittances to this country, on the one hand checks would be instituted by the Government, and on the other securities afforded by the commercial body; but I cannot off-hand state what the Company would exact, or the merchant would offer; a great deal would depend upon the local arrangements; but with due vigilance, and under a fair exercise of competition, both parties would, I have no doubt, be able to accomplish the object.

1995. Would not all the difficulties you have stated to arise in India from allowing the Company to trade in indigo operate against individual traders, if the Company were allowed to be factors-general of teas in China?—They would, under that supposition, have the monopoly of the supply; but it is to provide and guard against one particular evil in a very extraordinary and very anomalous trade that I made the suggestion. I cannot satisfy my mind that we are quite safe in throwing the old China trade open altogether immediately; but how far my plan, or any other which may be adopted, will operate, time alone can develop. I wish the restriction to be the very minimum consistent with the security of the trade.

1996. Do you contemplate that under such an arrangement the Company is to receive a profit on such transactions?—It will receive an agency commission or a profit per pound on sale.

1997. Do you contemplate a profit at all proportionate to what they now receive?—No; sufficient to compensate for the expense of their Factory and their agency.

1998. Will not this interfere with the fall in prices which may be expected if individuals trading to China are allowed to conduct their transactions in their own way?—I know the suggestion to be indefensible on general principles, and I should say it is also a doubtful measure; but at the same time I feel great difficulty in conceding that we can with China altogether permit an entire and unrestricted trade, both as regards the probable adulteration of the article, and our possible total exclusion from the country. I feel that the China trade is altogether peculiar; that it has grown up in a peculiar manner, and that it might be put an end to altogether by the Chinese government in a moment of pique or pride. It is an evil

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to have a restriction of any kind. It would be infinitely better to have the trade unrestricted altogether; but I feel a hesitation in saying that I am quite satisfied that we may go so far at present as to dispense with the agency of the Company in Chira.

1999. Would it not be better to defer introducing such a system, which is a great evil, till it is ascertained that it is necessary to make use of such machinery?—I should invert the process. I should go on softly and slowly at first; and if I found that no evil took place from the enlargement of the trade under the new system, under a power which I think ought to be reserved by the Legislature, even that restriction which I contemplate might be taken away. It is possible, by the other process, that we might be driven out of China altogether, and then we should have to reconstruct the trade.

2000. If such a regulation were to take place, would not the East-India Company be a party interested in continuing to throw impediments in the way of the private trade, and is not your plan on that ground objectionable?—The trade of the East-India Company would be closely allied with that of private traders; it would be the object of the Company's Factory to give the latter every facility in their supply and general trade.

2001. Would they not be a party interested in preventing the trade going through any other channel but the channel of the Company itself; and can you expect that if there is a great and powerful company interested in confining the trade to flow through their own particular channel, the period will ever arrive when the trade of individuals not flowing through the channel of the Company will be freed from impediments?—There can be no doubt that it will be the interest of the Company to perpetuate their agency in the trade of China under the proposed plan; but while so many interests are awakened to the state of the China trade, such bias or tendency will be kept in check by the private merchants. The misfortune of determining the question at the present moment is, that we now come to the inquiry without that extent of information which it requires; and what knowledge we have comes through suspicious channels on both sides. I would proceed cautiously towards that which I hope the trade will attain, an entirely open and free trade.

2002. Supposing the Company now to derive a clear profit of 20 or 25 per cent. on their adventure in tea, and that by an open trade the tea were reduced to that extent in price in this country, is there anything to prevent the Chinese government, if not looked after by some vigilant body there, putting on an equivalent duty upon the export of tea, if they were so advised; and would they not in fact be able to levy the whole amount of that profit which the Company now make on the consumer in England?—They certainly might. Throughout my argument, I have proceeded on the belief that the trade in tea is much more advantageous to the Company, and through the Company to this country, than it is to the Chinese, and that they might risk the whole of it by putting a large duty on the export of tea, and thereby levy a heavy tax on the drinkers of tea in this country. This is one of the evils I foresee in dealing with a nation so peculiar in all its commercial transactions as the Chinese, and which would hardly apply to any other country.

2003. Is there any instance of their having imposed a tax upon their exports, which you are aware of?—I am not aware of any.

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2004. Do you contemplate that under those arrangements of the Company being factors-general for teas sold to the British at Canton, that at the same time British individuals shall be allowed if they please to carry on a smuggling trade in tea along the coast of China with such persons as may be willing to deliver it to them?—I contemplate very little alteration in the trade from that which exists at the present moment, as far as the supply of tea or the purchase of tea are concerned.

2005. Would you allow the smuggling trade along the coast of China to go on at the same time that this trade goes on at Canton through the hands of the Company only?—I certainly would not allow a smuggling trade, because that might bring us into that very collision with the Chinese which I fear; and therefore all the operations in the purchase of tea ought to be conducted at Canton. There ought to be one mode only of getting tea out of China, or the Company would not be able to carry on their purchases with any certainty of a sale.

2006. Do not the facilities afforded by the great extent of the coast of China, and the knowledge that great part of the tea grows in the northern provinces, and the facilities of smuggling on the coast of China, interpose a check upon the Chinese, if they were so disposed, in laying on a very heavy export duty?—I think it will not be safe to trust to the smuggling trade on the coast of China, either as respects the quality or the quantity of tea required for the home market; therefore, as far as my information goes, I think the trusting to smuggling would be a very short-sighted policy.

2007. Has any attempt ever been made?—None that I know of, even by foreigners; and as it is illegal here to trade in tea, except through the Company, a smuggling trade in tea does not to my knowledge exist; and as I have seen it stated in publications that one of the mistaken notions of the Chinese is, that it is politic to bring teas from a distance to the shipping port, the long carriage and heavy charges being profits to China, I think every obstacle would be probably thrown in the way of obtaining tea any nearer to its growth than Canton.

2008. Why should not individuals be allowed, if they chose, to purchase it cheaper in the smuggling trade?—It is not an article to trifle with; it is an article of such extensive consumption, and producing so very large a revenue, that I think it should not be permitted to depend on smuggling, for if there be a great deterioration in the quality of the tea, the consumption in this country would be materially affected. It is the uniform goodness of the tea which has occasioned its being used almost as a necessary of life in this country.

2009. Is not your desire to confine the trade to the Company's agency founded upon your apprehension that the Chinese may possibly take measures entirely to prevent the trade; and does not your plan of prohibiting individuals from engaging in a smuggling trade in tea on the China coast tend to interpose additional difficulties in obtaining the supply of that article?—It certainly does interpose difficulties as far as respects the obtaining it through the means of smuggling, for it would be part of the plan to have it obtained only through one source, and through the Company; but this I consider as arising out of the difficulties of the case; it is a choice of difficulties.

2010. Does not the extensive smuggling trade in opium rather militate against your conclusions as to the difficulty of carrying on an extensive export smuggling trade

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trade in tea?—Yes; but the sale of an article by smuggling, and the purchasing of it for an export trade, and the shipping it, are very different.

2011. Is not the one a very bulky article, and the other an article of which a large value can be carried in a small space?—Yes. *G. G. de H. Lapent, Esq.*

2012. Is not opium an article of consumption, which being prohibited in China, must necessarily be entirely a smuggling trade?—Undoubtedly; but for the reasons I have stated, and particularly considering it to be the object of the Chinese to encourage the labour and increase the profits of their own people by bringing the teas from the interior to a distant port, I cannot help thinking that the government will interpose to prevent smuggling in that article.

2013. Was it not your object to counteract the monopoly of the Chinese, by having a monopoly to meet them?—Yes, under the supposition that the interposition of a body of the kind I suggested will retain the trade in a more safe and effective manner; I consider the existence of a counter-monopoly in the purchase of tea as matter of prudence.

2014. In carrying on a trade, is not smuggling a natural limitation to the duties on any article which any government may be disposed to lay?—Yes, unquestionably.

2015. Why would you take away this natural limit from a trade in an article so necessary to the consumers of this country as tea?—If we were not allowed to go at all to Canton, from any quarrel with the Chinese, the encouragement of smuggling might be the best policy: but should we trust for such an article as tea to the general smuggling trade round the coast of China; and would it be prudent to encourage it, under the peculiar circumstances, in an article of so much importance to Great Britain?

2016. Would you prevent the smuggling, or only not encourage it?—I think the Company would not be safe in their dealings unless they had the command of the supply of tea.

2017. Is it not your plan to prohibit the import of tea into any port of Great Britain or of the British settlements, except such as may be purchased at and shipped from the port of Canton, through the agency of the East India Company?—Yes, as a primary step, till we see how far it may be prudent to throw it open.

WILLIAM CRAWFORD, Esq. called in and examined.

2018. You are at this time a Merchant in London?—I am a Partner in the East-India Agency House of Bazett, Colvin, Crawford & Company. *W. Crawford, Esq.*

2019. Were you formerly in India in the Company's civil service?—I was.

2020. You have had considerable experience in the Company's public and mercantile accounts?—I have.

2021. In what department of the Company's service were you?—I was once Head Assistant to the Accountant-general. I have been in my time a Field Paymaster and Commissary, and subsequently I was a merchant in India; in that character I had the management of the books of a large commercial establishment.

2022. While in the Company's service were you employed in making up the accounts for this country?—When Head Assistant to the Accountant-general I was.

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2023. At

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2023. At what period was that?—More than 25 years ago. I have been in England 20 years.

2024. Have you recently turned your attention to the public accounts of the East-India Company?—I have lately done so.

2025. Will you state what course you have pursued in your examination of them?—When my attention was recently requested to these accounts, I did not anticipate any difficulty in the first and very important object of examination which I prescribed to myself, that of arriving at a correct view of the relative situation of the Territorial and Commercial branches for the period subsequent to the last renewal of the East-India Company's charter, knowing as I did that timely arrangements were made on that occasion for the separation of the accounts of these departments. The scheme for that purpose, as set forth in a Return to an order of the House of Commons of 29th April 1826, appears quite adequate to the end in view. Whether the difficulties I have met with have arisen from any inefficiency in the manner of acting on that scheme, or whether they are attributable to any peculiarity in the mode of making up the official statements, it is not necessary for me to inquire, nor have I before me the means of ascertaining with any degree of accuracy. I have found myself, however, stopped short; and, for reasons which will be hereafter stated, I am forced at once to the conclusion that "the Statement of the Account between the Territorial and Commercial branches, in each year, from 1st May 1814 to 30th April 1829," professed to be drawn out agreeably to the form already referred to, does not, in my judgment, furnish the means of exhibiting a correct view of the transactions between these two branches of the East-India Company's affairs. I have calculated the Statements prepared annually for Parliament, in order to have in one view the contents of the 15 separate years, from 1814-15 to 1828-29: these tables show the aggregate of debits and credits, as follow:

£.		£.
30,216,345	{ Account N° 1. In respect to Territorial and Political Payments made in England. }	31,583,590
13,256,695	{ Account N° 2. In respect to Bills of Exchange drawn from India on account of Interest on India Debt. }	8,694,697
—	{ Balance due from Territorial to Commercial Branch, for excess of payments beyond receipts. }	3,184,763
£.43,473,040		£.43,473,040

The first object in my examination of these accounts was to see whether, as far as I might be able to apply some local knowledge of their construction and contents, they appeared to be unobjectionable in principle, and whether they seemed to contain entries of all transactions between the two branches, so as to create no reasonable cause for doubting the correctness of the balance which is exhibited. A most important omission very early attracted my notice, in the payment of 1,300,000*l.* made to Government in part satisfaction of the loan of 2,500,000 *l.* raised for the East-

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East-India Company in 1812, for the purpose of enabling them to discharge part of their East India debt, not having been brought on these accounts; the balance of which loan, as due on the renewal of the charter (and which I find stated at 2,272,623*l.* on 1st May 1814) was, under the 52d Geo. 3, c. 135, considered as a Territorial debt. Limiting the transaction to this view of it, the omission would at first sight seem to be duly corrected by now debiting the Territorial branch; for until this item be charged, so much of the debt due to Government would stand on the Territorial account as unpaid. But the transaction is not of this limited character: it is connected with the adjustment made between the East-India Company and Government of all accounts to the 30th April 1822; and the Treasury Minute of that time details the broad principle on which this settlement took place, it being a condition stated in it that the sums agreed to be due to the Company should be applied towards the payment of the balance due to Government of the debt for the loan of 1812, which item was not embraced in the accounts then settled. I observe in the document No. 21, professing to be a general Statement made out "according to the annual Accounts presented to Parliament," (*see* Papers relating to India Finances and Trade), that this sum is there introduced, as a payment to Government in 1822-23, to the debit of Territory; and I see that its equivalent is provided in this statement, by crediting Territory for the same amount as due to that branch on the items of the settlement then made with Government. Supposing the entries adopted into the statement No. 21, but which are not in the annual accounts between the Territorial and Commercial branches, had been introduced into the latter, still the object in separating the Territorial from the Commercial receipts and charges, would not have been fulfilled or satisfied, by so adopting, without further inquiry or adjustment, this payment of 1,300,000*l.* by Government, as the sum due to the Territorial branch, for its part of the Company's general account then settled. One instance, out of the many which might be adduced, will suffice to show the necessity of that settlement being adjusted and entered on these accounts, as far as the items apply to them. The sums charged to the Territorial branch in account No. 1, from 1814-15 to 1828-29, for St. Helena, are:

	£.
London expenses - - - - -	109,903
Territorial stores exported - - - - -	919,180
Ditto from China and the Cape - - - - -	327,721
Bullion from London - - - - -	87,713
Bills drawn on London - - - - -	1,105,830
	<hr/>
	£. 2,550,347

In the statement of demands of the East India Company on Government there is this item of claim, "Extra expenses at St. Helena, from October 1815 to 30th April 1822, 950,927*l.*" So that the Company has, in the settlement with the Crown, been

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been repaid this sum, but no entry has been made to credit it, *in reduction of the expenses at St. Helena*. It will perhaps be said, that if the whole sum received from Government, 1,300,000 *l.*, be credited as a Territorial receipt, then the 950,927 *l.* due to territory for extra expenses at St. Helena, is included. I do not admit such conclusion. it must be *first* ascertained that 1,300,000 *l.* is *all* that is due to the Territorial branch for *its part* of the general account of the Company, settled with Government in 1822. It may be more or less; but as far as the accounts which are the subject of these observations furnish information, no step has yet been taken to show the fact, and until that be done, there can be no correct statement made out of the accounts intended to be embraced in the plan submitted by the Court, and approved by the India Board, "for keeping and arranging the books of account of the East India Company in England." The observations in regard to the expenses of St. Helena, apply in principle to all the other items contained in the Company's account with Government, which furnish matter for debit or credit to the Territorial branch; and it will therefore be manifest, to every one conversant with details of this nature, that it is indispensably necessary an account should be taken distinguishing the items which belong respectively to the Commercial branch, to the Territorial branch antecedent to 1814, and to the Territorial branch from 1814; and that corresponding entries should be made in the Company's books, and so become intelligible on the account furnished to Parliament, and thereby correct, in the particular account under notice, the deficiencies and irregularity which at present exist. This account would then become the basis of any general statement of the receipts and disbursements of the Company in England, so far as regards the Territorial branch. My experience of the great regularity and correctness of the public accounts in India, combined with the high reputation for distinguished ability so justly enjoyed both by the Company's principal officers in the department of accounts in England, and by those of the India Board, led me into a too confident expectation that there would be found, amongst the numerous documents which have been submitted to Parliament, such a general statement of all receipts and payments in England, from 1814-15 to 1828-29, under the plan for separating the Territorial from the Commercial accounts, as would have exhibited the proportions of *each* which constituted the *whole*, and in that manner have afforded satisfactory evidence of the sources of all receipt, and the character of all expenditure, with the additional and ready means of satisfying the scrupulous or sceptical, by reference to, or, if necessary, by analysis of, the various figures, the accuracy of which as results became pledged by their introduction into such a statement. I hoped I had found a document of this description in No. 21 of the papers relating to the finances of India, and the trade of India and China, (p. 48 of papers ordered to be printed 9th February 1830); and with the view of clearing the ground before me, by ascertaining if the Accounts Nos. 1 and 2 (ordered to be printed 3d of June 1830), of the Territorial with the Commercial branch, were adopted, as they should be, into the general statement, I prepared the analysis of these Accounts, Nos. 1, 2, 3, 4, and to which I have added, for more easy general reference, abstracts of their contents, Nos. 5 and 6. Some large differences which were apparent on cursory inspection, induced me to make an adjustment between that part of the General Statement No. 21, and the Accounts Nos. 1 and 2, *both being professedly*
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the accounts of all receipts and payments on account of the Territorial branch. The result of that comparison is shown by the differences exhibited in the adjustment Statements Nos. 7 and 8, and which of course must be in every particular reconciled, before either document can be adopted as deserving of credit in respect to the results they would go to establish.

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2026. You are understood to say that the accounts to which you have referred, namely, so much of the statement of No. 21 as relates to receipts and payments on the Territorial account, and Nos. 1 and 2 of the accounts between the Territorial and Commercial branches, do not enable you to conclude that the balance of 3,184,763 *l.*, stated in the latter to be due from the Territorial to the Commercial branch, is correct?—I mean to say so, because as several items of large amount differ, which purport to represent the same transactions, one or the other must be wrong; and until these differences are reconciled, no dependence can be placed on the correctness of either account.

2027. Can you state any of those differences?—

Under the head of Political Freight and Demurrage, there is a

difference of 531,292 <i>l.</i> , by Statement No. 21 charging	£. 2,180,991
The Account No. 1 having only	- - - - - 1,649,699

I have already noticed that of 1,300,000 *l.* not charged to the Territorial branch, and which was part of the final payment in 1822 of the loan from Government in 1812.

Besides which, there is charged to Territory in Account No. 1,

for Stores exported to India	- - - - - £. 7,193,227
Statement No. 21 charges only	- - - - - 6,322,078

Of this now existing difference	- - - - - 871,149
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I trace by means of another account, (*vide* Mr. Melvill's evidence, 7 June 1830) that additional charges have been made, I conclude since the Accounts Nos. 1 and 2 were prepared, to the amount of

- - - - -	655,894
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So that when an adjustment of the above is perfected on	- - - - -
these accounts, there will still be a difference of	- - - £. 215,255

Again, with respect to the charges for bills of exchange drawn for principal of debt, it is evident to me that neither of these accounts states the transactions correctly which belong to the redemption of the Indian debt. The true amount redeemed through the joint means furnished by the fund of "Surplus Commercial Profits," and by Territorial assets in England, is not apparent.

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The Statement No. 21 charges Territory for bills of exchange drawn from India for principal of debt, from 1814-15 to 1822-23 inclusive, and which are not charged in Account No. 2; these therefore are taken to have been paid from surplus commercial profits - - - - -	£.	* 681,094
Ditto in 1823-24, of which, in Account No. 2, there is charged to Territory - - - - -	£. 1,568,491	
And surplus Commercial profits is stated to provide - - - - -	1,396,842	
		2,965,833
Ditto in 1824-25 and 1825-26, No. 21 and No. 2 agree - - - - -	- - - - -	992,185
Ditto in 1826-27, 1827-28 and 1828-29, Territory is charged in Statement No. 21 - - - - -	- - - - -	252,981
But in Account No. 2, there is only - - - - -	88,689	
The remainder is therefore taken to be provided from surplus commercial profits - - - - -	* 164,292	
Principal of India debt paid in England - - - - -	- - - - -	4,891,593
Of which, by Territory, as per Account No. 2 - - - - -	- - - - -	2,649,365
By surplus commercial profits - - - - -	- - - - -	2,242,228
And in Statement No. 21, in 1818-19, Territory is charged for bullion transmitted to India to be there applied in discharge of India debt. This very properly does not appear in No. 2. It is an appropriation or disposal of profits, not an advance to Territory - - - - -	- - - - -	1,000,537
Statement No. 21 does not contain, as it ought to do, a further appropriation of surplus commercial profits made in the year 1821-22; this sum was made received to the Territorial Account in London, the equivalent being ordered to be applied in India, to the payment of so much of the India register debt - - - - -	- - - - -	1,500,000
In this manner surplus commercial profits are shown to have been applied in London to discharge India register debt - - - - -	£.	4,742,765

N. B.—Subject to explanation in respect to the items above marked (*).

The Reduction in the India register debt would therefore appear to have been :	£.	
Discharged in England - - - - -	- - - - -	4,891,593
- - - - - India - - - - -	- - - - -	2,500,537
	£.	
Provided in England from surplus commercial profits - - - - -	2,242,228	7,392,130
- - - India from ditto supplied from England - - - - -	2,500,537	
	4,742,765	
Provided from Territorial assets in London - - - - -	2,649,365	
		7,392,130

2028. Are there any other items on which observations suggest themselves to you?—There is one, representing payments to a very large amount, which obviously calls for explanation; I mean the charge made to the debit of the Territorial branch in the Account No. 2, for bills of exchange drawn from India in discharge of interest of debt: The charge is in the year 1821-22, 1,562,522*l.*, 1822-23, 1,419,587*l.* The first of these sums is, I believe, more than the annual interest of the whole of the Indian debt of that time; and I had made some calculations to support, by deductions, my opinion that those charges required an explanation which

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which I could not anticipate ; but having since read Mr. Melvill's evidence, I found a better confirmation of my ground for doubt. To question 5684, a part of his answer will be seen to be, "The result of all these statements is, that the interest demandable in England is 1,491,500 *l.*, and that the amount which has been so demanded was 843,000 *l.*;" but in this I observe, Mr. Melvill includes 94,000 *l.* for Carnatic debt, of which there is a separate charge. I therefore understand him to say, the largest sum that has been demanded in any one year, with reference to this remark, was 749,000 *l.*; and the accounts show the sums paid in 1820-21, to have been 678,988 *l.*; in 1823-24, 620,132 *l.*; these years being that which preceded and which followed the above quoted amounts, which, without explanation, cannot be accounted correct.

2029. Have you considered any other of the various accounts which have been printed by order of the House of Commons?—I have; but it may be right for me to mention in this place, that before I entered on the consideration of these accounts, I had not read any of the evidence that had been taken connected with the financial situation of the East-India Company's affairs, or considered with any attention the conflicting statements which have appeared. After I had formed my opinion of the uselessness, for any practical purpose, of the accounts in their present state, to which my remarks have been hitherto confined, I read Mr. Melvill's evidence of the 7th and 17th of June, and I have considered the statements which are appended to it, and printed in pp. 32 to 35.* The first of these is an account of the whole net return yielded by the East-India Company's Commercial capital from 1814-15 to 1828-29, by investment in merchandise or otherwise, and showing the appropriations of such net profit. The second account is explanatory of results assumed into the first. Amongst the sources of profit coming to the Company under the term *or otherwise*, will be found the sum of 1,497,842 *l.* as a surplus of sums charged upon private-trade goods, beyond the amount of Commercial charges-general in England, not debited to the Company's own trade. In other words, the Company's charges-general are reduced by the amount charged to the home trade from India and China; the remainder of such charges-general is paid out of the profits resulting to the Company from their management of private-trade goods; and after paying such remainder out of that fund of receipt, there is left a profit on this account of 1,497,842 *l.* This result is not, in my mind, reconcileable with the figures having reference to these transactions, which are adopted into the Statement No. 21, where the Commercial charges-general in England are stated to have amounted, from 1814-15 to 1828-29, to - - - - - £. 6,733,154

* Second Report of
Select Committee,
pages 805 and 806.

On the receipt side of the same account, there is charges and profits	
on private trade - - - - -	2,425,184
When the whole of this receipt is applied in reduction of Commercial charges-general, there will remain to be cleared - - -	4,307,970
In the accounts of whole net return of the East India Company's Commercial capital, the charges on Indian trade are £. 1,355,483	
China - - - - -	2,807,042
Together - - - - -	4,162,555
Then leaving on balance as uncleared, not being charged to particular accounts - - - - -	£. 145,415
E.I.—II. H H	Adopting

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Adopting, in this manner, the figures in the general Statement No. 21, the result exhibited by applying the rule laid down in the account of the whole net return of the East India Company's commercial capital, is, that instead of there being a profit of - - - - - £. 1,497,842
There would remain a balance still to be cleared from charges-general, of - - - - - 145,415

It appears to me, therefore, that the figures in one or the other of these accounts are to a very great amount wrong. The object I have had in going into these details, which I have not been accustomed to for a great many years, was to endeavour to convince other persons, as I am myself convinced, that no statement can be of any use whatever to the right understanding of the real question, of how much money the East India Company have gained by their trade from the year 1814-15 to the year 1828-29, that is not the result and the representative of regularly balanced accounts, embracing not only all receipts and payments in England, but containing also adjustments, on mercantile principles, of the accounts of the commercial agencies in India and China. In this manner the real profit or loss on every branch of trade may be ascertained with the greatest precision, relying as I do on the strict regularity with which all the materials have been furnished from India, and having no doubt that those materials are as perfect here.

2030. The documents, as at present furnished, do not enable you to come to any conclusion one way or other?—Certainly not.

2031. Are the Committee to understand from the statement which you have now made, that you do not conceive the union of the administration of the two departments, Commercial and Territorial, in one body, ought to occasion any difficulty in the way of a correct balance-sheet being made out of the separate affairs of each?—Certainly not, after the precautions taken to produce it by the scheme adopted under the direction of the Act of 1813.

N. B.—For the Evidence taken 16 July, see pp. 252 and 302.

Sabbati, 4^o die Augustii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

JAMES COSMO MELVILL, Esq. called in and examined.

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Esq

2032. You have seen the Report, No. 43, of the Finance Committee Papers upon the Financial Accounts of the East-India Company, have you not?—I have.

2033. Will you state whether there are any remarks you would wish to make upon that Report?—So far as I am able to form a judgment of it from a cursory examination, it appears to me to contain a very fair and comprehensive statement of the Financial concerns of the Company since the year 1814, and it is particularly

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cularly satisfactory to me, as being confirmatory of the views given in my former evidence of those concerns. There are some minor points in which I might differ from the statements given in this Report; for example, it contains observations respecting the mode of ascertaining the loss to the Commercial Branch by the Board's rate of exchange. I should be disposed rather to take the view of that subject which the Court of Directors have expressed in their protest, than the view taken in this Paper; at the same time this question of exchange is a debateable point, and unimportant practically in its results, so far as their accounts are concerned, the Company not having preferred any claim to be paid, in their Commercial capacity, the amount which the Indian Territory has gained by observing the Board's rates; the object of the Company in seeking a correction of the rates of exchange has been that the extent of the assistance which the Commerce affords to the Territory, should be fully shown. I observe that a number of items of receipt and expenditure are classed in this Report as "Deferred Items," but I presume that title cannot be meant to convey any doubt as to the propriety of debiting and crediting those sums to the India Territory. My understanding of the case is this, in India an account is kept of transactions between London and India, and in London adjustments are made in that account; certain items have been adjusted in the London account, and have not been carried yet into the Indian account, and these are principally what I see classed as "Deferred Items." The Committee will allow me further to add, that the result of these adjustments, in other words the balance of this account called "Deferred Items," is an additional credit to India of 3,587,000 *l.* more than was credited in the account kept in India; the London adjusted view is to that extent more favourable to India than the Indian view.

2034. What is the present amount of the Company's home bond debt?—
£. 3,527,243.

2035. What view do the Court of Directors take of the character of that debt?—They consider it wholly Territorial.

2036. Has it been the custom to consider that debt as wholly Territorial?—The character of the bond debt had been always considered a point in suspense until lately, when the Court of Directors having been called upon, by the Commissioners for the Affairs of India, fully to explain the state of the Company's affairs in the event of their being dispossessed of the territory, the Court felt it necessary to investigate the character and constitution of the bond debt, and they came to the conclusion which I have stated.

2037. Can you refer the Committee to any documents in which the debt is considered as wholly of a territorial kind?—I would refer the Committee to a Report of a Committee of the House of Commons in 1783, which states that the bond debt had either been caused, or its discharge prevented, by military expenditure, in acquiring the territory. I am aware that that Report applies only to the bond debt which existed in 1783, but the Commerce of the Company has since paid in interest upon that debt more than the difference between the bond debt in 1783 and its present amount; besides which the state of the account between the two branches of the Company's affairs from 1780 to 1814, which was laid before the Committee last year, shows that the Trade had assisted the Territory

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* First Appendix
to Third Report,
page 13.

to a much greater extent than the whole amount of increase of bond debt. The conclusion, therefore, seems to me inevitable, that the whole of the bond debt is Territorial.

2038. In point of fact, as far as the documents are concerned, does the claim of the Company to consider the bond debt wholly territorial rest only on the Report of the Parliamentary Committee of 1783?—Upon the Report of the Committee of 1783, and upon the statements of account between the Territorial and Commercial branches, which were laid before the Parliamentary Committee in 1831, and appended to their Report of October of that year, (page 560,* in the Appendix to that Report,) from which it appeared that up to 1814 the Commerce was 12,044,934 *l.* in advance for the Territory.

2039. What was the amount of the bond debt in 1783?—It was 1,497,000 *l.*

2040. It is stated in that Report to be the expenses incurred by the Company, in the wars antecedently to the acquisition of the Dewanny?—Yes.

2041. Is the Company's claim with respect to the bond debt limited to that amount?—No; the Company consider that the whole of the bond debt at its present amount is territorial.

2042. From that period up to the present time the amount of the bond debt has been fluctuating?—It has.

2043. At what period did it originate?—The Company were authorized by their charter to borrow money upon bond. The bond debt in 1750 was 4,065,000 *l.*

2044. That was before the acquisition of any territory?—Yes; previous to the acquisition of the Dewanny. The bond debt appears to have principally originated in money taken up by the Company to meet sums which they had agreed to lend to the Government, and which formed one of the Government stocks, called the "East-India Annuities." The amount of stock so created by loan from the Company to the Government was 4,200,000 *l.* in 1750, and their bond debt in the same year was 4,065,000 *l.*

2045. Previously to the acquisition of the Dewanny, and to any expenses incurred in the wars, would you not consider the bond debt to have been of a commercial character?—Clearly so; but the Committee are aware that the expenditure on account of the wars reported upon in 1783, had been going on for 15 years previously to 1765, and had terminated in the acquisition of the Dewanny; bonds raised to meet that expenditure were obviously on the territorial account.

2046. Has not the attention of Parliament been particularly directed from time to time to the Company's home bond debt?—I presume it must have been; Acts having been passed upon that subject.

2047. The increase of the debt for particular purposes has been the subject of legislative enactments?—Yes; the 7 Geo. I, c. 5, authorized the Company to borrow upon bond to an extent not exceeding the debt due by the public to the Company; the 17 Geo. II, c. 17, authorized the Company to lend one million to the Government for 14 years, and to borrow it on bond; the 23 Geo. II, gave permission to the Company to sell their East India annuities; the Regulating Act, 13 Geo. III, required the bond debt to be reduced to 1,500,000 *l.*; the 23 Geo. III, c. 36, authorized

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thorized its increase to 2,000,000 *l.*, requiring however, that when circumstances permitted, it should be reduced again to 1,500,000 *l.*; the 28 Geo. III, authorized the Company to borrow upon bond a further sum of 1,200,000 *l.*; the 33 Geo. III, required that the bond debt should be brought down again to 1,500,000 *l.*; the 34 Geo. III, c. 41, allowed the bond debt to remain permanently at 2,000,000 *l.* instead of 1,500,000 *l.*; and also authorized its increase, if necessary, to 3,000,000 *l.*; the 47 Geo. III, c. 41, authorized the Company to borrow a further sum of 2,000,000 *l.* upon bond, and the 51 Geo. III, gave further authority to borrow 2,000,000 *l.* more on bond, providing at the same time that not more than 4,000,000 *l.*, including what they had been authorized under the Act of the 47 Geo. III, should be raised. I believe the effect of all those enactments is, that the Company are authorized, with the approbation of the Board of Commissioners, to have a bond debt of 7,000,000 *l.*

2048. Is it not the case that in many of those Acts to which you have now referred where an increase of the bond debt is authorized, that increase is expressly declared to be for the purposes of the Company's trade?—Expressions of that kind will be found in all the Acts which were passed before the Company assumed a political character, and there is also such an expression in one of the subsequent Acts, 23 Geo. III. c. 36; but if the Committee will be pleased to refer to the Act 51 Geo. III. c. 64, s. 1, the last Act authorizing borrowing on bond, and which gives the largest power, they will perceive a distinct declaration that the necessity for borrowing was wholly political.

2049. Are there not expressions directly to the effect supposed in the previous question, also in the 7 Geo. I., the 23 Geo. III., the 28 Geo. III., the 34 Geo. III.?—I am not aware that there are, except in the 7 Geo. I., when the Company were exclusively commercial.

2050. Will you turn to the Act of the 7 Geo. I. c. 5, s. 32?—That enactment states that the money borrowed on bond is “for carrying on the trade, or by way of bottomry.”

2051. Will you refer to the 23 Geo. III. c. 22?—The Company were then also exclusively commercial, and that Act continues the power for raising money for commerce or bottomry; the 23 Geo. III. c. 36, s. 2, states, as I before observed, that the 500,000 *l.* which it authorized to be borrowed on bond, was for commercial purposes.

2052. Was that sum raised?—Yes, it was.

2053. Will you refer to the 28 Geo. III. c. 29?—That enactment authorizes borrowing on bond for joint purposes.

2054. Will you refer to the 34 Geo. III. c. 41?—That authorizes the continuance of the bond debt at 2,000,000 *l.*

2055. No distinction appears to be recognized between the political and commercial purposes in the two last Acts?—No.

2056. Therefore the subject can be determined only by an investigation of the accounts?—Independently of the admission of the Committee of 1783, as applicable to the bond debt at that time, I consider that the character of the remainder of the bond debt must be determined by the state of the account between the two branches.

2057. There

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2057. There were funds avowedly commercial, such as the sum due from the Government to the Company, termed the East-India annuities, and also the amount raised as capital stock, which at various times were treated by Parliament as interchangeable with the monies raised by bond, the one diminishing as the other increased?—No doubt; Parliament, previously to 1814, appear to have treated the whole as a joint concern, and to have even authorized an increase of capital for political purposes, and capital was actually so applied in 1793-4.

2058. You have referred to a Report of the Committee of the House of Commons of 1783, on the territorial character of part of the bond debt; in the previous Report of March 1782, the Committee state that the public consented to forego their participation in the profits of the territorial acquisitions, in order that they might be applied to the reduction of the Company's bond debt; in what way do you conceive that bears on the Company's present claim?—That seems to me to show that political funds were considered available to the discharge of the bond debt, and consequently confirms the view I have taken as to its character.

2059. In point of fact, was there not a sum of 1,453,570 *l.* applied out of the territorial profits to the liquidation of the bond debt, in consequence of that arrangement?—A large sum of money was so applied agreeably to law. The Government share of the Indian revenues was to some extent applied to the discharge of the bond debt.

2060. The amount so applied appears to be one-half of the bond debt at the time; assuming that to be the case, is it not to be inferred that if, of the amount of the bond debt admitted to have been of a mixed character, one half was then discharged from territorial funds, what remained was rather commercial than territorial, and is not that the only practical solution of the difficulty which can be found in the absence of any accurate separation of the accounts?—It would be impossible for me to come to that conclusion with the statement of the Committee of 1783 on record, because that Committee distinctly stated that the whole of the bond debt then existing, either arose from the military expenses, or that the Company were prevented by those expenses from discharging it.

2061. You consider that such a construction would be inconsistent with the Report of the Committee of the House of Commons in 1783?—I do.

2062. Do you consider that the military expenses to which you refer in your last answer were totally independent of the commercial character of the Company; was no part of the territory, acquired or defended, useful to the Company, if not necessary, with a view to its commercial prosperity?—Perhaps entirely so, up to the year 1750, but the statement of the military expenses is retrospective only to 1750, and the wars which succeeded to that period were a struggle on Indian ground between European powers, rather than for internal security.

2063. Was not a considerable portion of the debt existing in 1783 a part of that which existed in 1750?—The bond debt in 1783 was less than in 1750.

2064. At what amount do you imagine the bond debt stood at the commencement of the period to which the observation in the Report of 1783 as to military expenses referred?—The statement in 1783 did not I believe go further back than 1750, when the amount of bond debt was 4,065,000 *l.*, but the Committee will observe

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observe that at that time there was an available commercial asset of 4,200,000 *l.* in East-India annuities. The money borrowed on bond, and which formed the bond debt, was lent to Government, and that loan to Government formed the asset; and the bond debt was subsequently reduced by a corresponding reduction of the asset.

2065. You have stated that the military expenses previous to 1750 were intimately connected with the commercial character of the Company, but that the expenses between 1750 and 1783 were more of a political and even of an European character;—as it appears that the bond debt was higher in 1750 than it was in 1783, upon what ground do you consider the debt existing in 1783, as arising out of the expenses between 1750 and 1783, rather than of those prior to 1750?—Because the reduction of the bond debt in the intermediate period had been effected entirely by the reduction of the commercial assets of the Company, in the sale of their East-India annuities. Independently of that circumstance, there was an increase of the bond debt caused, as the Committee stated, by military expenses.

2066. When you say that the bond debt is to be considered as wholly territorial, you mean, that supposing the Company entirely to be separated from the territory, the bond debt should be a charge upon the territory?—Certainly; I mean that no part of the bond debt should be considered an incumbrance on their trade.

2067. You probably speak upon the principle of equity; in law, the Company is bound to pay the bond debt, and the territorial debt also?—I have no doubt of the obligation of the Company, in point of strict law, to provide for the home bond debt. The territorial debt may possibly be differently circumstanced.

2068. In one of the papers it is stated that the first Act which authorized the bond debt was the 9 & 10 Will. III. c. 44?—That Act authorized the Company to borrow money under their seal, and required the period of six months to be specified in the bonds. This enactment was framed to protect the Bank of England. When that Act passed the Company were exclusively commercial, and the permission to borrow must have been for the trade only.

2069. It has been stated that the Company possess, as a commercial corporation, forts, towns, islands, territories and rights abroad, their absolute property in which has never been questioned, the same having been obtained by purchase, amicable grant or negotiation previous to the acquisition of the Dewanny; has any valuation ever been made of those proprietary rights?—I am not aware that the Company ever made a valuation; Mr. Dundas referred to one in the year 1793, in a speech he made in the House of Commons on proposing a renewal of the East-India Company's charter.

2070. Was that the valuation made by Mr. Russell?—I believe so.

2071. Was it made by the authority of the Company?—No, Mr. Russell was an officer of the Board.

2072. Is there any where a specification of those possessions, stating what they are?—I am not aware that there is any distinct specification on record. I will, however, give to the Committee all the information I can upon the subject. The Committee are of course aware that the earliest charter of the Company gave them

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them a right to acquire lands without any reserve; the right of the Company to the property in the lands acquired under that authority, does not appear to have been questioned for a century and a half; and when questioned, it was only with respect to *recent* acquisitions. After the battle of Plassey in 1757, doubts appear to have arisen whether territory and booty acquired by force of arms in India did not belong to the Crown; with a view of removing those doubts, the Company presented a petition to the Crown, the object of which was to obtain a grant of all that might be acquired by conquest.

2073. Territory as well as booty?—Yes; this petition was referred to the law officers of the Crown, who gave it as their opinion that all places which the Company acquired by treaty or grant from native princes were their property, the sovereignty vesting in the Crown; but that as to places acquired by conquest, the property, as well as the dominion, vested in His Majesty.

2074. Will you state the names of those who gave that opinion?—They were, I believe, Sir C. Pratt and Sir C. Yorke. Notwithstanding this opinion the King's Ministers, in 1762, seem to have thought that even *conquered* territories were the Company's, because, in answer to the ministers of France, who were then seeking restitution of territory and property which had been acquired on the continent of India by the East-India Company, the King's Ministers answered in these words: "Respecting those territorial acquisitions the English East-India Company have made in Asia, every dispute relative thereto must be settled by that Company, the Crown of England having no right to interfere in what is allowed to be the legal and exclusive property of a body corporate belonging to the English nation." It must, however, be admitted, that subsequently Parliament, in the various enactments made for continuing the territory from time to time in the hands of the East-India Company, has asserted a right to control and appropriate the territory, always distinctly reserving the rights possessed by the Company and the public, previously to every new arrangement: and it is worthy of observation, as showing the distinction between the old and the new territory, that the first Act which gave the Company a Parliamentary tenure in the territory (the 7 Geo. III. c. 5,) was restricted to territory "*recently acquired*." Waiving then the question regarding the territory acquired by conquest, I may, perhaps, assume it to have been settled that all acquisitions by purchase or amicable grant belonged to the Company in perpetuity; of this description are Fort William, Calcutta; the commercial factories in Bengal; the ground-rents of all those places; Fort St. George, Madras; the Jaghire there, Vizagapatam, Bombay, and the Northern Circars; there is also property rather differently circumstanced, which was acquired in the period intervening between the battle of Plassey and the acquisition of the Dewanny in 1765, but which was obtained by cession rather than by conquest; such as Burdwan, Midnapore, Chittagong, and the Twenty-four Pergunnahs. I will now, with the permission of the Committee, read to them a passage from Mr. Dundas's speech in the House of Commons in 1793, upon this subject: "If the exclusive charter should expire in 1794, still the Company would be a body corporate, and permitted and entitled to trade upon the joint stock. To whom, in this case, would the most important seats of trade in India belong? to the Company undoubtedly. Under their original and perpetual charter they have legally purchased or acquired Fort St. George, St. Helena,

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Helena, Bombay, and Calcutta, and long before they were possessed of the Dewanny; those possessions are their patrimonial property, and cannot be taken from them. Upon the whole, exclusive of the Dewanny they have an unalienable right to valuable landed possessions, amounting at least to 250,000 *l.* per annum."

2075. Are there any particular treaties or deeds under which those possessions are held to which you can refer?—I have no doubt there are such treaties; but I am not prepared with the means of referring to them now.

2076. The Company's proprietary rights in India may be said to resolve themselves into real and personal?—Principally real property, I imagine; what appertains to them of personal property as a corporation is kept distinct, under the plan for the separation of accounts.

2077. You have stated that they have a property in lands in India?—Yes, I imagine so.

2078. Are not rent and revenue in India nearly synonymous?—The government revenue in India is principally derived from land.

2079. The land revenue in India is altogether different from that raised in this country; the latter is a rateable tax upon the rent; but in India the land revenue is almost always the greater part, often the whole of the rent, and sometimes even more, is it not?—I believe that in many parts of India the government revenue from land is equal to its full rent.

2080. In respect of those places you have enumerated, is it as sovereigns or as landed proprietors you apprehend the Company would hold them?—I conceive it is as a body corporate established under charter, with power to acquire lands, that they would hold them.

2081. Supposing that the Government claim the sovereignty, but acknowledging the ownership of the Company, leaving them, the Company, to deal as they may think proper with the lands, would not the adjustment of the Government dues be in this case, as in all others, the condition of such possession?—Of course; if the Company possessed property in India, and ceased to exercise the sovereign power there, their property would be taxable, in common with other property, providing that the title under which they held the property did not contain an exemption from taxes.

2082. The Government part would be first set apart, the rest would continue in the hands of the Company or of natives?—Yes; but I believe it will be found that the grants of this property to the Company comprised not only an exemption from taxes, but also a power to levy duties. I would here observe upon the subject of the territorial claims of the Company generally, that the Court of Directors have not thought it right to state those claims specifically, considering that it will rest with their constituents to do so at the proper time.

2083. Independently of the sovereignty, do you consider that the Company have proprietary rights in the customs of Calcutta and Bombay?—It certainly appears to me that if the Company should be dispossessed of the territory, they would have an equitable claim to consideration in respect of the duties, upon the ground that by grant from the former sovereign, the Mogul, they were authorized to collect on their own account the whole of the duties in those places which are now the principal seats of trade; and this authority they possessed by free grant,

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and not as the result of force of arms. Therefore if another power steps in and deprives the Company of their territory, it appears to me that compensation should be made for the loss of a valuable gift from the Mogul to them.

2084. That grant of the power of collecting the duties appears in the original title?—It does.

2085. Can you state upon what principle it is that the Company regulates its grants of pensions ; is it from the nature of the office, or the length of service ?—There are Acts of Parliament that prescribe regulations for the grant of some kinds of pensions, others are granted under regulations of the Company, and in other cases the Company grant pensions at discretion, upon the circumstances of the case. In the first class are comprised pensions to the King's Judges, Bishops, and Archdeacons, and to the officers of the India Board and the India House. In the second class, retired allowances to military officers, and also to the widows of those officers, respecting whom however the only provision made by the Company alone is that called Lord Clive's Fund, other provision for widows and families being made by funds established in India at each of the presidencies, and which are maintained by the joint contributions of the Company and the service.

2086. With regard to the other class, where the Company exercise discretion, are there any fixed principles by which the amount of the pensions is regulated ?—Extraordinary service ; extraordinary suffering, and poverty, are the circumstances which seem to me generally to influence the grant in these cases.

2087. Is the consent of the Court of Proprietors necessary before a pension can be granted by the Directors ; or is the amount which the Directors can grant, without such consent, limited ?—The Court of Directors are prohibited from granting a pension to any one person exceeding 200*l.* per annum without the sanction of two general courts, specially summoned for that purpose, and without the approbation also of the Board of Commissioners ; they are also prohibited from granting to any one person any gratuity exceeding 600*l.* without such sanction.

2088. Then all pensions under 200*l.* may be granted by the Court of Directors ?—Yes ; but statements of all pensions granted must be laid before Parliament.

2089. Although the granting of those pensions under the third head is at the discretion of the Directors, is there any understood principle by which the amount of the pension is determined ?—The circumstances of the individual.

2090. Is the length of service adverted to ?—Always.

2091. As in the granting of pensions by Government, is there always regard to the length of service and amount of salary ?—In the first class of pensions there is a distinct regulation prescribed by Act of Parliament, which makes the pension dependant on the time of service, and the proportion of salary.

2092. Although there is no fixed rule, is there any understanding upon which the amount of pension is fixed ?—No other understanding as to cases in which the grant is at the discretion of the Company, than that the amount is to be fixed in reference to the services and circumstances of the individual.

2093. Is it in the power of the Directors to vary the amount of salaries of the persons employed in the civil department ?—Certainly ; but they cannot make any increase beyond the amount of 200*l.* a year without the consent of two general courts and the Board of Commissioners.

2094. Referring

2094. Referring to the Appendix No. 35, of the Report of October 1830, do all these allowances admit of augmentation or diminution according to the discretion of the Court of Directors?—They do; subject in cases of augmentation beyond 200*l.* a year, to the approbation of two general courts and the Board of Commissioners.

2095. In the instructions that were given to the Civil Finance Committee, the commercial establishments of the Company in India were reserved for special consideration. The Court of Directors, however, in their letter to the local government, noticing the appointment of the Finance Committee, observe, that they saw no reason whatever for any such reservation; can you inform the Committee whether the Finance Committee did include those establishments in their inquiries, or whether those establishments have been made the subject of any inquiry since the Finance Committee ceased its operations?—I rather think the Finance Committee had ceased its operations when those orders were received in India; I am not aware of any information having yet reached this country that the orders have been acted upon. I conclude, however, that though the Finance Committee had ceased, the Government will have instructed some other persons to revise the commercial establishments.

2096. Do you concur in the Estimate Mr. Lloyd has given before the Lords' Committee? [*The same being shown to the Witness.*—Yes; the Estimate is more fully given in page 560* of Appendix to Report of October 1831.

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* Page 13 of the
First Appendix to
the Third Report

JAMES PENNINGTON, Esq. called in and examined.

2097. WILL you explain what you mean by the term "Deferred Items," which forms the head of Account No. 5, page 15, in your Report?—That head of account comprehends all those items which do not properly fall under the head of Revenue and Charge, or of Debt Incurred and Paid Off; under what head of account they ought to fall is a point with respect to which I did not consider that I was required, in that Report, to offer any opinion.

James Pennington,
Esq.
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2098. Will you explain what you mean by the item "Difference of Exchange between the Board's rates and the rates at which bills are actually drawn"?—The bills drawn for the interest of the Indian debt were drawn in the early part of the period at higher rates of exchange than those prescribed by the Board of Commissioners; the difference of 213,515*l.* arises from that cause.

2099. In what period did that difference arise?—From 1814 to 1829.

2100. What is meant by "Bhurtpore Prize Stamp"?—I do not exactly know; but I rather think that India has given credit to London for the stamp duty, in consequence of not being aware that it had been reimbursed in London by the captors.

2101. (*To Mr. Melvill.*)—Will you turn to the account of the deferred items in page 15, and explain the item "Bhurtpore Prize Stamp, 25,000*l.*"?—That is the stamp duty upon the grant of the Bhurtpore prize money, which duty was paid in London; we have charged it to the captors, and have therefore omitted it in the sums chargeable to India; but India having been reimbursed the amount by the captors, has credited it to London, where the payment was required to be made to the Treasury before the warrant for distributing the booty could be issued.

E.F.—II.

Lunæ, 16^o die Julii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

II.
FINANCE.

16 July 1832.

Mr. J. Wilkinson.

Mr. JOHN WILKINSON called in and examined.

2102. For what purpose did you go out to India?—To superintend the introduction of an improvement in the silk reeling, for Mr. Heathcoat.

2103. Is Mr. Heathcoat engaged in business?—A large manufacturer of bobbin net, at Tiverton.

2104. You went out to introduce his improvement into India?—Yes, to the reeling of silk.

2105. When did you go?—In April 1826.

2106. Where did you go to?—To Bengal.

2107. What part of Bengal?—To Santipoor.

2108. Did the experiment succeed?—It succeeded partially.

2109. State what course you pursued on your arrival in India, and what stations you visited.—The first object of my going out there was to endeavour to introduce to the notice of the holders of private filatures, the invention, it having been declined by the Company here.

2110. Describe the invention.—It is a plan for ensuring a more even thread, by dividing the cocoons into sets, and which has been practised with great success in Italy and France.

2111. First classing them?—First classing them.

2112. Classing them into silks of the same dimensions?—Yes, by dividing the cocoons as they first run from the basin into separate sets, and afterwards uniting them into a thread of the desired thickness.

2113. In what part of Italy has that been practised, and when was it first introduced?—It was introduced in about the year 1824; I could not say particularly in what parts of Italy.

2114. Did you apply to the Court of Directors for permission to go out?—I applied to the Company for permission to proceed out; Mr. Heathcoat offered the use of the invention to them, and they were willing that he should make an experiment on his plan, but here the Court of Directors declined it.

2115. Was the application in writing, and have you got the correspondence that passed?—It was by written correspondence; but I have not got it.

2116. Will you state what course you pursued when in India?—When I got there I found there were no private filatures at work at all. I then brought the matter under the notice of the Company through the means of Messrs. Alexanders, and they were willing to make an experiment of it, the local government, which was done at Santipoor under my superintendence, and also at another filature, Rungpoor.

2117. You went to those filatures yourself?—I only went to Santipoor myself.

2118. Who

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2118. Who was the Company's resident at Santipoor when you were there?—
Mr. Edward Marjoribanks.

2119. And at Rungpoor?—Mr. Becher; the experiment was made to the extent of 100 bales, about 14 I think of which were reeled under my superintendence at Santipoor; there was a quantity reeled by Mr. Becher, at Rungpoor, and I did not remain in India till the whole of the 100 bales were completed, but returned to England with the first shipment; they have since been brought into the market, and on some of them there has been an acknowledged superiority.

2120. Were those which you superintended yourself visibly superior?—That I am not aware of.

2121. What arrangements did you make for classification, did you point them out to the natives?—I pointed it out to them, and I had a very simple piece of machinery applied to the reels then in use; it was merely a copper guide-plate, with holes, so as to ensure a division, and keep the cocoons in sets apart in the basin.

2122. Was the invention applied under your direction?—Yes, to the reels then in use.

2123. To what do you ascribe the partial failure that you speak of?—I should say it is partly owing to the want of good staple in the cocoons of India, and partly to the inattention of the natives, their carelessness; they require more superintendence.

2124. Has it been continued ever since?—No, it has not.

2125. Had you an opportunity of examining the different kinds of cocoons there; are they all of the same description?—No, they are not all the same; it depends very much on the season in which they are spun.

2126. What do you mean by good staple?—I should think the cocoon, as produced by the worm in India, very far inferior to that of the Italian; whether I am right in applying the term staple to it I do not know.

2127. What description of mulberry was in cultivation there for feeding the worm?—It was what they called the Indian Variety.

2128. Is there only one description of mulberry cultivated in the part with which you are acquainted?—Only one that I am aware of.

2129. What description of mulberry do you consider to be best calculated for the growth of silk in India?—I am not aware that they use any other than the Indian Variety.

2130. But what description in your own opinion?—I could not say that there was any other tried; not as far as I am aware of; there was but one sort at Santipoor.

2131. What is generally called the White Mulberry?—No, the Indian Variety we should call it.

2132. At what age are each of the species of mulberry with which you are acquainted fit for picking?—The first in about four months after they are planted, and afterwards there is a crop about every eight or ten weeks.

2133. Have you ever tried or seen tried both the layer and the standard systems of cultivation?—There is a small plantation in the neighbourhood of Santipoor, not exactly on the standard plan, but rather, we should say, of jungle, suffering the plants to run up without thinning them.

2134. Explain

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2134. Explain the difference between the two systems?—The leaves of the one which I have just described are reckoned to be more nutritious, and the plant is also thought to suffer less from the weather.

2135. That is when they are planted in coppice?—Yes; and there is also a plantation of that kind at Hurripaul, but I am not aware of any other in India; all that I have seen have been in hedge-row.

2136. Do you know why that system of cultivation is followed in India?—No, I cannot say why, unless it is that it is the old custom, and that the other has not been introduced long enough to decide whether it is superior.

2137. In what month is the first crop gathered?—They vary in different districts; at Santipoor the crops were in March and April, July and November.

2138. Does this kind of mulberry grow in moist or in dry soil?—A dry soil is reckoned preferable.

2139. Do you know which crop is best, whether the one before the rains or after the rains?—The crop in the rains is the most abundant.

2140. The one that is gathered in July?—In July.

2141. Does it produce a fruit?—No.

2142. Is it considered that the leaves of the standard tree are less bitter and hard than those of the bushes or layers?—I never heard that stated, but I should suppose that they would be, inasmuch as they are higher from the ground.

2143. How high do the jungle trees grow?—About six feet, or perhaps more than that.

2144. In the coppice that you speak of, do you mean the stems grow from one stool as in coppice wood here?—Yes.

2145. They are cut down, and many stems shoot up from one stool?—Yes.

2146. At what period can a crop of leaves be gathered from each species?—I cannot speak as to the coppice wood, but from the hedge-row plantation in about four months, and then afterwards almost every eight or ten weeks.

2147. This hedge that you speak of is the division of the fields?—No, it is not the division of the fields, though they call it a hedge-row; it is a plantation rather.

2148. Explain what you mean by hedge-rows?—In rows about six or eight inches apart, and some space between each row.

2149. How high are they allowed to grow?—About three feet.

2150. Can you state how many crops are gathered from each species in the first year, and in each succeeding year?—I should say in the first year about four, and in the second year six.

2151. From each species?—Yes, from both the same.

2152. Will you state what you know as to the usual system of managing the hedge-row plantation of mulberry?—I should say they are planted about the end of November, generally, and the first crop of leaves is ready the next January or February; that they are hoed and dug between the rows; not much watered; weeded occasionally, I cannot say how frequently.

2153. Do they undergo any irrigation?—No. After the leaves are gathered, the plant is cut down to about a foot from the ground; once in the year, at the end of November, it is generally cut down to the ground, and at that time the ground is ploughed between, not at others.

2154. Who

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2154. Who are the cultivators of the mulberry in India?—The ryots.

2155. Do they sell the leaves, or do they keep them for their own worms?—Generally the same parties keep them.

2156. Is there much capital invested in the production of the mulberry?—That I cannot say, it is a thing all among the natives, no European superintendence of it at all.

2157. Is the practice of selling the leaves common?—Not common.

2158. Does it appear to you that much care was taken in the cultivation of the plant?—Not a great deal.

2159. Do you know what was the price of the leaves?—No, they are very seldom sold, they are generally grown by the parties who feed the worms, and if they are sold, it is between the natives, and I know nothing of it.

2160. Did you ever inspect the leaf at the time it was given to the worm?—No, I have never seen it before it was given; and when it is given it is chopped up so that I can form no idea of the state of it; I have seen them feeding, and the leaves are chopped up small.

2161. What species of worms are bred in the district with which you are acquainted?—There are only two, the one which they call the country worm and the large annual.

2162. Can you give the technical description; do you know any other name for it than that you have mentioned?—No, I do not.

2163. Do you know how often they change their skin?—No, I do not.

2164. Are you acquainted with any other varieties of the worm than those which you saw there?—No, I am not.

2165. How many crops of leaves do the trees generally produce?—There is one about every 8 or 10 weeks, after the first four months from their planting. It is four months after the first planting of these shrubs before you can gather a crop, and after that there is a succession about every 8 or 10 weeks.

2166. Can you state what are the distinguishing characteristics of the species of worm which you saw in India?—The distinguishing characteristic is, that the country worm hatches four times a year, and the large annual only once, from which it takes its name. I know of no other.

2167. Is the one species more hardy than the other?—I am not aware that it is; I think not.

2168. Or more prolific?—No, they are all alike prolific.

2169. Is there any difference in the silk produced by each species?—The difference seems wholly to depend on the season in which the cocoon is spun.

2170. And not upon the worm?—And not upon the worm, as far as the distinction between the country worm and the large annual goes.

2171. What is the best and the worst season?—The best season is what is called the November bund, (the cocoons are finished spinning about the beginning of December,) and the worst is the rainy.

2172. Is there more expense in the buildings or apparatus, or in the care attached to the cultivation of one species of worm than that of the other?—No, I should think not.

2173. Do

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2173. Do you consider that a particular quantity of food is indispensable for particular varieties of worm, or that they will all live under the same circumstances?—The two that I have seen would be quite alike with respect to their treatment in food, that is, the country and the large annual.

2174. You are not aware whether treatment made any difference in their health or product?—No.

2175. How soon after being hatched have you generally found the worms to commence their cocoon?—It depends very much on the time that they are hatched, sometimes between two and three months, in the hot season not much more than 30, or from 25 to 30 days.

2176. Is there any artificial heat ever used for the hatching of the eggs?—Never; it is not requisite at all in that climate.

2177. How is the temperature regulated?—They have a fire occasionally in the cold season, not for hatching the eggs, but for preserving the worm in the houses in which worms are kept at a proper temperature.

2178. Are they kept in a place where the light enters freely, or are they kept in the dark?—They are kept in a place where the light is excluded, but where the air is admitted, because there are no glazed windows; it is a mere hut, with a hole in the wall, before which they place a screen when they want to exclude the air, which excludes the light of course at the same time.

2179. In what state is the worm then?—During the whole time of its feeding.

2180. Then in point of fact it is kept in a dark place?—It is generally dark.

2181. Is the silk in the districts with which you are acquainted reeled by the peasantry, or in filatures?—In filatures; when I say the districts I am acquainted with, I know but little except of that at Santipoor, having never stayed at any other.

2182. Did you understand that it was reeled by the peasantry in other places?—It is partially so.

2183. Do you know what the process used by the peasantry in reeling is?—It is very similar to that used in the Company's filatures, but inferior.

2184. What is the process of reeling used in the filatures?—The process is by placing the cocoons in hot water, and winding them off upon reels which are fixed, the coppers being placed in masonry, and having under each a furnace for the purpose of heating the water, it is I believe entirely on the Italian plan.

2185. Into what cocoon is it usual for silk to be reeled?—It is according to the order received from England; the principal part of that which comes from Bengal is coarser than that from Italy, that is, there is a smaller proportion of the fine silk generally ordered by the Company than of the coarse.

2186. Do you consider that the method adopted in India is influenced by any regard to quantity rather than to quality?—I should say that it is.

2187. How so?—Inasmuch as it is more to the interest of the people who are concerned (the natives especially) to get a large quantity than to get a good quality.

2188. Why is that?—Because they get more in proportion to the price that it fetches.

2189. Has

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2189. Has the improvement of Mr. Heathcoat been introduced into France and Italy?—Very generally.

2190. Did you hear much of the competition between the Company and the private traders in silk in India, as at all interfering with the purchase of silk?—When I arrived out there, that competition had almost ceased; there was not, I believe, a single filature at work by individuals, nor had been for some little time previous.

2191. To what is that attributed?—The great price that the Company has given to the rearers of cocoons, it was beyond what any private individual could give.

2192. What was that price, do you remember?—I think the average cost of the silk to the Company for the year 1826 was 14 rupees 6 annas per seer, but that includes the winding charges; I should say that was the cost of the invoice, but then what they gave the rearers I cannot exactly state.

2193. But the price of the raw article had been so raised that it was no longer the interest of the private companies to purchase at that rate, and therefore they had ceased to work: it?—Exactly so.

2194. To what did you hear attributed the great price which the Company gave for raw silk?—I heard it attributed to different causes, one was that it was done with the express purpose of excluding individuals from competing with them, and another, that as it enabled those who were concerned in the getting up of it to get a larger commission, it was more to their interest than if it cost less.

2195. The agents were paid by a commission on the price?—Yes.

2196. And therefore the higher the price the greater their remuneration?—Yes.

2197. Did you not hear also that there had been orders from England to send home a much larger quantity than usual?—No, I do not remember hearing that generally, but the order for Santipoor had, I know, been larger for the year 1827 than for the preceding.

2198. Will you state any general observations that you made as to the system employed in India in the production and reeling of silk?—I should say that the inferiority of the silk arose in a great measure from the carelessness of the reelers; I have heard the inferiority attributed in a measure to their inability to do it better, in consequence of being overworked, that may be the case in some districts, but I should not say that it was in the one that I have seen. I think that they require much closer superintendence than is given; and that if Europeans or country-born people were employed in the filatures as overlookers, the silk would be wound in a much better manner. I can state as a fact that I brought over two sample skeins, which were wound under my own immediate inspection, I standing at the basin during the whole of the time; I showed them to a gentleman in London who is a large manufacturer, (I should have stated that this was reeled on Mr. Heathcoat's patent plan,) and he said, that if all the silk was like that it would be worth 2s. a pound more than the ordinary silk from Bengal.

2199. Were they picked cocoons?—No, they were not picked, but they were of the best bund, the November bund, perhaps better than an average lot even of that bund.

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2200. Can you state what price that would yield relatively to Italian or French ?
—No, I cannot ; for I have not seen this gentleman since. I mention this to show that the people are not at all inferior as workmen to those of Europe, and that as far as the winding is concerned, with more looking after they would be at least equal, if not superior.

2201. Without the introduction of fresh seeds from Italy, do you suppose it would be possible to make the Indian silk, by care in the winding, equal to the Italian silk ?—I should say not equal ; but I think that a very considerable improvement might be effected, both in the cocoon as it is spun by the worm, and in the silk afterwards as it is wound from the cocoon.

2202. In what sort of building is it that the worm is bred and fed ?—Generally in huts.

2203. Is the same degree of care paid to it as in France or Italy ?—Nothing like it ; at least from what I have heard of the care that is given in Italy and France ; I have seen nothing of that myself.

2204. Did it not appear to you that the cost of production even under a better system ought to be very low in India ?—I have been told by a gentleman in the year 1826, that he could purchase silk for 12 rupees a seer, or that he could make it himself for 10 rupees 8 annas ; the average price to the Company that year was 14 rupees 6 annas ; as I stated before, this was in the year 1826.

2205. Have you any idea of the comparative labour between one of the natives of India and an European ?—From a memorandum made at Tiverton, I find the average quantity of a fifteen cocoon silk reeled there was ten ounces per day from one basin. In India, the quantity of the same sized silk is not more than eight ounces and a half with the best cocoons (otherwise a much smaller quantity), although they wind in India two skeins at once on to the reel, and at Tiverton only one ; had they wound two, the produce would be at least sixteen ounces.

2206. Have you made any calculation of what would be the comparative difference of wages ?—I have not the means of making the comparison, but in India the wages are —

2207. Can you describe the system pursued by the Company ?—With respect to getting up the silk ?

2208. First of all with respect to the advances ?—The advances are made to people whom they call Pykars.

2209. On what principle are the advances made ?—On a rough guess as to the amount that will be required.

2210. The amount of outlay required ?—The amount of silk that is likely to be required. The advances are generally very large. The silk is brought in, and wound at the Company's filatures.

2211. What takes place after the advance is made ?—What takes place is entirely between the pykar and the peasant ; the resident has no further trouble than to see that the cocoons are brought in and wound off.

2212. Then the resident in no degree superintends the actual production of the cocoons ?—No.

2213. Or of the worm ?—No.

2214. Or

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2214. Or of the leaf?—Nor of the leaf.

2215. Well then, he hears nothing more of the silk until the cocoons are brought to him?—No.

2216. Then does he take some and reject others, or take all that are brought to him?—No; he rejects some if they are very bad.

2217. In short, he inspects them, and makes a selection?—His native people inspect them, not the resident himself.

2218. His native servants, who are acting under him?—Yes; what they call the filature gomastahs.

2219. Then the winding takes place after that?—Yes, and that under the superintendence, I may say, of the pykar; at least he comes to see that justice is done to him; he is always allowed to be on the filature whenever he likes.

2220. And does the resident, or any European, personally superintend that operation?—The resident looks occasionally there, but no one European could be constantly on the spot during the working.

2221. In short, that work is executed and superintended mainly by the natives?—Mainly by the natives.

2222. Well then, in what manner, or at what time, are the advances of the Company adjusted?—The price of these cocoons is settled according to the produce of them in silk, at so much per seer of silk, the pykar being allowed to take the refuse cocoons, which he winds off.

2223. Is that the only way in which the pykar is paid?—It is the only way.

2224. And that of course forms a deduction, the ryot is paid for the whole of the cocoons, for the whole he produces?—The ryot is settled with by the pykar.

2225. For the whole amount?—For the whole amount.

2226. And who determines what proportion should be selected from the refuse of those cocoons?—It is just those that are not run off, of which the ends break, and which they cannot use; in fact, they are all tried, or at least those that are not rejected at first from their appearance.

2227. Then in what manner are these useful to the pykar?—They wind off into a sort of stuff which they call chassum.

2228. Then who repays to the Company the advance to the pykar?—They are paid in silk, by the silk produced from these cocoons.

2229. Then they are allowed so much on the silk?—Yes.

2230. Now, if there is any difference between the amount of produce and the amount of advance, who is responsible to the Company?—There is always a security taken from these pykars; but they are generally men of large property themselves; I believe no advance is made to them to any extent without security being taken.

2231. What is the nature of that security?—I could not state that; something in the shape of a bond, I believe.

2232. So that if the supply is deficient, the pykar is held responsible?—Yes; and if he goes away, his sureties are answerable for him.

2233. When the silk is wound, what is done with it?—It is placed in the store till it is required to be sent down to the resident to be shipped.

2234. Under the directions of the board of trade?—Under the directions of the board of trade.

E.I.—II.

K K 2

2235. Had

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2235. Had you an opportunity of examining the silk establishment, and do you think it was on a proper economical footing?—Yes, I should say, generally speaking, it was.

2236. Did you inquire into the salary of the chief of the establishment?—I believe his salary was 200 rupees a month.

2237. That is about equal to 20*l.*?—About equal to 20*l.*

2238. But speaking of the European at the head of the establishment?—The commercial resident?

2239. Yes.—Why, his remuneration would depend on the amount of the investment which is got up, because he is paid wholly by commission, I believe.

2240. Is the house that he dwells in on an economical scale?—It is fit for India.

2241. What do you mean by fit for India?—Why, it is fit to be a country house for a gentleman who, when he is in town, lives in the City of Palaces.

2242. It would not be fit for England then, you think, for a person engaged in the same trade?—I do not mean to say it is extravagant; there are a great many comforts required in India which there are not in England.

2243. Well, it is a more expensive residence than would be provided for a person engaged in a similar employment in England?—Yes, I should say it is; his expenses are considerably larger than they would be here.

2244. From what cause are they larger do you apprehend?—I should say, in the first place, that if he had a house to find for himself, his house-rent would be a very important object; in the next place, his number of servants, and a variety of other things which I can hardly enumerate now; but the expense of living in India, I know from experience, is nearly double the expense of living in England.

2245. If private individuals were to establish silk establishments in India, do you think they would find houses and establishments for their principal agents on the same costly scale?—I should think not.

2246. If the object of the Company in establishing these silk filatures is profit, why should they provide for their agents on a more costly scale than private individuals engaged in the same trade would do?—They may have other objects besides the mere profit; there is their dignity to uphold, and it is of importance I suppose that that should be upheld in the eyes of the natives; the appearance in that way goes a great way with them.

2247. You think it is of importance, that the agent of the Company should uphold his dignity, but you do not think that the agent of a private individual engaged in the silk trade should do so likewise?—No, I should say not; neither is it necessary nor yet expected.

2248. Is not that a good reason why the Company, who have to pay not only for the silk establishment as a mercantile speculation, but also for the dignity to be upheld by their agents, should not engage in any such manufacture?—Perhaps it is.

2249. Are the houses in which the merchants live in Calcutta similar to those which merchants in England reside in?—No, I should say they are on the whole more splendid.

2250. And the general style of Europeans in India is considerably more splendid than that of Europeans of the same class in this country?—Certainly.

2251. You

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2251. You stated just now, that living is doubly as expensive in India as it is in this country; will you state in what way it is so?—I should say principally the expense arises from house-rent and servants; the expense of house-rent is very great.

2252. And servants?—And servants.

2253. Are those servants absolutely necessary to your comforts and the protection of your health?—Yes.

2254. Are you aware that the price of silk has fallen in India since 1826?—No; as I have neither seen nor heard anything of it hardly since I returned, I am not aware. When I came away the board of trade were taking measures to reduce the price given to the pykar for the cocoons, in consequence of a great loss having accrued to the Company here; and it was then thought that it would have the effect of opening the field to private individuals again, inasmuch as they would be enabled to give something like the price, or perhaps as much as the Company were giving.

2255. Did the large price given by the Company have the effect of increasing the production of silk?—I should apprehend that it had for a time.

2256. Do you think that was beneficial or otherwise?—It might be useful.

2257. Can you state what was the average amount of silk annually produced at the residency at which you were?—I can state it only for the year 1826; the quantity despatched to the Presidency in that year was 1,355 maunds; I believe the order from the Court of Directors for that year rather exceeded the above quantity.

2258. What was the extent of the establishment of buildings, was it on a large scale?—It was a filature of about 400 basins at the time I was there, but Mr. Marjoribanks applied to have it enlarged; whether it has been done or not I do not know.

2259. Of what description are these large buildings?—The whole of it comprises a large area, what they call there a compound.

2260. Similar to a factory in this country?—Yes, something of the same kind, it comprises the house for keeping the cocoons, the warehouse for the silk, and the ovens for baking the cocoons.

2261. How many hands were employed there?—When they were in full work they would require about 800, I should think.

2262. And for how many months in the year are they in full work?—It is very variable; in the rainy season they generally have all the basins at work, because they endeavour to run off the cocoons immediately, or else they spoil, but at other times there never are all the basins employed; I should say on the whole, perhaps they may work eight or nine months in the year, but they are subject to frequent interruptions from the want of a supply of cocoons.

2263. From what does the want of supply arise?—Sometimes from a failure in consequence of the heat; at the time that I was there the supply at Radnagore had totally failed in May 1827, it was in consequence of the excessive heat.

2264. And the worm died?—And the worm died.

2265. Can you state what amount of population is employed in the production of silk, and in the cultivation of the mulberry tree?—In the neighbourhood of Santipoor?

2266. Yes.—

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2266. Yes.—No, I cannot ; because the people lay wide ; some perhaps at the distance of twenty miles, and so on ; I never heard any estimate of the number altogether.

2267. Do you know what number of residencies there are?—I think twelve where silk is got up.

2268. Each of them under the superintendence of a servant of the Company?—Yes.

2269. Not more than one servant?—Not more than one servant at any one.

2270. Can you state in what parts of the country they are situated?—They are all in the province of Bengal ; I do not know that I could name them all.

2271. What was the description of that climate and soil where you were stationed?—The soil was dry, and the climate was reckoned preferable to that of Calcutta, it was not so damp or marshy, it was rather on a rise from Calcutta.

2272. It was considered of much importance to have a dry soil, was it not?—It is reckoned preferable for the mulberry.

2273. And for the worm?—And for the worm I should say too.

2274. Had you an opportunity of getting acquainted with the Company's principal agents, and of ascertaining whether they were persons who fully understood the details of the silk filature?—I should say that in some instances they certainly are not, because they are occasionally removed from a residency where no silk is got up, and placed over one where little or nothing else is got up.

2275. Are they, in your opinion, such persons as a manufacturer would select to superintend such establishments in France or Italy?—I should hardly think that they are.

2276. Are they a little above their business, do you think?—No ; I should say that some gentlemen whom I have seen there take a good deal of interest in it, and I would particularly name Mr. Marjoribanks as one. I do not know whether you are aware of his having tried to introduce what he calls a Neez cultivation.

2277. What is the meaning of that?—The principal object of it is to make advances to the ryots without the intervention of the pykar.

2278. Has he succeeded in it?—The thing was in its infancy when I was there. He had applied to the board of trade, and they supported the measure, but not so far as he wished. I remember, in one instance, his saying he wished particularly to try whether he could not have some glazed windows put to the place where the worms were fed, for the purpose of giving them light, and also excluding the cold in the cold season, for these huts are very bad in that respect ; they must either have all the air or none, and may be exposed to a great deal of cold in the winter and heat in the summer. Mr. Marjoribanks detailed very fully to the board of trade at Calcutta what he had done with respect to it, and you will see by the letter I saw here on Saturday, that the Court has noticed it in their despatch to India ; but whether there are any particulars from Mr. Marjoribanks' letter to the board of trade quoted in the letter to the Court here, I know not ; if there are, you will have some valuable information.

2279. Such being the character of Mr. Marjoribanks, do you think other agents, as far as you are aware, have been equally well selected?—I cannot say that I am much acquainted with many others. I did not remain at any other station. I have
seen

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seen one or two in Calcutta, but have never been in company with them as I have been with Mr. Marjoribanks.

2280. Did you hear many instances of the silkworms dying in large numbers?—Not many instances; but in the case I just mentioned the whole bund failed.

2281. And it was considered in the country as one of the causes of loss and uncertainty?—Certainly.

2282. Would it be possible, by placing the houses where they are fed in shady situations, to prevent that occurrence?—I should think more might be done with respect to building them on an European plan.

2283. Did you ever hear of any chemical preparation being used for promoting their health or comfort?—No, I never did.

2284. The huts you are now speaking of are the huts merely of the peasantry?—Yes.

2285. Which is the most valuable silk, the country or the annual?—I should say that the annual possesses no superiority over the country, excepting that it is rather larger; there is more silk from a cocoon, but the country or dassy worm is the best by far.

2286. Is there much of the wild to be found?—No, I believe not, the Europeans only, as a matter of curiosity, have it brought in now and then to show them.

2287. Have you ever seen any of it wound into thread, so as to judge of the quality?—No; I put in my pocket a specimen of country-wound silk that is wound without a reel [*exhibiting it*].

2288. Can you state what would be the average produce of an ounce of eggs in India?—No, I cannot.

2289. Can you state what quantity of leaves would be consumed by any given quantity of worms?—They generally reckon them, they do not measure them; they take it in this way, that a begah of plants will feed about a thousand worms a day.

2290. What is a begah?—It is in the neighbourhood of Calcutta about equal to a third part of an English acre, the produce will feed this number on an average, because in the rainy weather they feed a much shorter time.

2291. Had you any experiment tried as to the quantity and quality of silk produced by the leaf after rains, and during the dry season?—The quantity during the rains is larger.

2292. And the quality?—The quality is very much inferior.

2293. Can you state the proportion of silk that a given quantity of cocoons produce in India?—They generally reckon on an average about a twentieth part; that a maund of cocoons would be about a seer of silk, the cocoon being weighed before the chrysalis is killed.

2294. Are you acquainted with the reeled silk of England and of France?—No, very little.

2295. But you have seen it in Mr. Heathcoat's establishment?—Yes.

2296. You have seen it nowhere else?—Not in England; I have seen Italian and French silks, but none has been reeled in England excepting by Mr. Heathcoat.

2297. You consider yourself a judge of the French and Italian, and English silks?—Not much.

2298. What

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2298. What do you think of the Indian silk in comparison with the silk of other countries?—I should say it is foul and uneven, and what they call endy, having many breaks in it.

2299. And in short is capable of great improvement?—Great improvement.

2300. Why was not the invention that you carried out continued after your departure by the commercial resident?—The experiment was only to the extent of 100 bales, and it was to wait the decision of the Court here; that decision was not for its adoption, they did not consider the improvement sufficient to warrant them giving anything for the use of the patent.

2301. There would have been an expense?—Yes; Mr. Heathcoat would have expected to be paid, having a patent right, so much per pound.

2302. And that expense foreigners had not to bear?—Yes.

2303. Was there a patent taken out in France and Italy?—Yes.

2304. Surely they could have done it in India without any expense?—No, there was counsel's opinion taken upon that, and Mr. Heathcoat's right was considered to extend to India; but the Company would not have taken advantage of it, even if the patent right had not extended to that country.

2305. Was the silk that was wound according to Mr. Heathcoat's plan sold higher than the silk of the season generally?—Some part of it sold at an advanced price. I should say that the cause of the experiment not succeeding fully was, that the fibre of the cocoons was too weak to admit of the application of the plan. But at the same time that one part of Mr. Heathcoat's plan was acknowledged by the natives as a most decided improvement, namely, that of his method of giving the croisée, that the natives themselves acknowledged to be a most decided improvement; and the cocoon of Bengal as now produced is capable of the application of that part of his invention.

2306. Is that part of it continued?—No, no part of it is continued.

2307. But you are not aware that anything has been done of late years to improve the quality of the cocoon?—No, I am not aware that there is; I never heard of any beyond this experiment of Mr. Heathcoat.

2308. Is not a better price given for a good cocoon than for a bad one?—It is in this way, that the more silk a good cocoon gives the better, and the price is regulated by the turn out.

2309. Then it is to the advantage of the grower to make the best he can?—Most decidedly. But cocoons are seldom bought except by native winders or by private individuals when they do wind, and when they are bought they are bought by tale.

2310. Is there any suggestion that you would make as to the improvement generally of the management of the growth of silk in India?—I should say, that in the first instance the rearing might be very much better; protection might be given to the worm by buildings on an European plan; and the cocoon produced by the worm might, by attention and care, be very much improved; notwithstanding that I consider the climate of India is certainly against it.

2311. But in buildings well adapted for the purpose, the disadvantages of the climate might be in some measure remedied?—They might be in some measure remedied, but they never would be altogether obviated. They have also a plan of cleaning

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cleaning their silk on the reel, which makes it what the manufacturers call endy; it breaks it.

2312. But is not that carelessness?—No, it is their plan; they will not be beaten out of it. It is a thing that is never allowed in Italy or France. It is cleaned on the reel while the skein is on the full stretch; the consequence is, if they attempt to pull off what they call a gout, they naturally must break the thread in so doing.

2313. Has any new description of worm been recently introduced into India, or have you heard of the introduction lately of any new worm from China?—Not of late years; it is some years, I think, since the last introduction from China.

2314. Do you know about what period?—No, I cannot say; it is many years since; at least I have not heard of any lately.

2315. Did you find Mr. Marjoribanks perfectly ready to afford you assistance in forwarding your object?—Perfectly so, and also the government there; I received every facility. Mr. Watts was then the resident at Radnagore, and Mr. Becher at Rungpoor.

2316. Was Mr. Grout's agent there when you were?—No, he had returned some years.

2317. What was his name?—His name was John Brown.

2318. Did you hear when you were there that the rent of land for the production of silk was much higher than the rent of other land?—Yes, considerably so.

2319. Was it supposed to require land of a superior quality?—I do not know that it is; I am not aware of that; I could not speak with certainty to it.

2320. But is it not the case, that in many places the silk lands let for four times the rent of other lands?—I should hardly have thought so much as that; they let for a considerably higher rent.

2321. To what cause have you heard the difference ascribed?—To its being a more profitable way of cultivating it.

2322. Who determines whether the cultivation shall take place or not; is it the resident who determines in what part of the country silk shall be cultivated?—I believe it depends on custom more than anything else.

2323. Is the pykar in general a landowner?—I should think he might very likely be; they are generally men of property, but whether landowners or not, I cannot say with certainty.

2324. What was Mr. Marjoribanks' reason for trying to get rid of the pykars?—He thought he could get the cocoons at a smaller expense, and bring people more under his own superintendence to come nearer to him, and in that way he might look over them himself and save expense; he considered these people were useless, these pykars.

2325. In short you distinctly consider that the Bengal cocoons are capable of great improvement?—Most undoubtedly so; and the silk materially improved by winding with greater care and attention.

Lunæ, 13^o die Augusti, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

II.
FINANCE.

13 August 1832.

N Wallich, M. D.

NATHANIEL WALLICH, M. D., called in and examined.

2326. WHAT office do you hold under the East-India Company?—I am Surgeon on the Bengal Establishment of the Company's Service, and Superintendent of the East-India Company's Botanic Garden at Calcutta.

2327. The Committee understand that you have turned your attention to the botanical and agricultural resources of India?—Yes, I have.

2328. Will you state what works or papers you have published upon those subjects?—Various papers, connected partly with the botany of India, and partly with the agriculture of India, in the Asiatic Researches, in the Linnæan Transactions, and in the Transactions of the Society for the Encouragement of Arts in London, in the Transactions of the Agricultural and Medical Societies of Calcutta, also a paper in the London Horticultural Society's Transactions, and I have published two large works, entitled "*Tentamen Floræ Nepalensis*," and "*Plantæ Asiaticæ Rariores*."

2329. What are the principal products to which you have turned your attention?—In the course of my service under the Company, I may say I have attended to most of the subjects which are connected with the agriculture of India; but officially my attention has been particularly directed to the forest, and the timber productions of India, and the resources connected generally with those objects, embracing drugs that are produced from trees, dyeing woods, and likewise to other matters, such as to plants producing cotton, food for silk besides that species of mulberry which is peculiar to India; I have likewise attended to the subject of coffee, sugar, and lately tea.

2330. What are the other plants to which you refer as being used in the production of silk?—There are, I may say, in India, two plants that are most extensively applied to the feeding of the silkworm; the one is the mulberry, and the other is the castor oil plant, or the *Palma Christi*, as it is generally called. The mulberry is infinitely the most important, both with reference to the extent of its cultivation, and with reference to the product of the silkworm that is reared by it; it is the best silk which is produced from mulberry. Inferior kinds are produced from other plants, especially from the *Palma Christi*; also several kinds of the laurel tribe, belonging to a genus called *tetranthera* (subdivided again into others by modern botanists), the latter is especially applied in the north-western provinces of Bengal to the rearing of a coarse kind of silkworm called muggadhuti.

2331. Have you turned your attention at all to the nature and fertility of the soil?—Yes, I have.

2332. Can you state what in the different parts of India to which you have turned your attention is the description of soil to be found generally, its depth, and degree

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degree of moisture?—I would beg to confine myself, if I may be permitted, to those parts of India which I have visited. I should commence by stating that, generally speaking, the soil of India is very superficial. I have a particular reason, which I shall presently explain, why I should say that it is very important to keep that circumstance always in view, that the soil is very superficial. It is generally not more than six inches deep. To that circumstance I would attribute the extraordinary failure which has, to my knowledge, on various occasions, attended the attempt of introducing European modes of tillage. I can mention particularly one example, if it is the desire of the Committee that I should, namely, the experiment made with the English plough in Bengal.

2333. Does your remark extend equally to the neighbourhood of the rivers?—Generally speaking, to that kind of land that has produced any of those articles that form the staple produce of India. Every rule has its exceptions, and of course the alluvial lands would, generally speaking, have deeper soils than others; but the alluvial lands near the great rivers or near the seaside, are generally not, from various reasons, those that are most in cultivation.

2334. Will you state the reasons?—If the Committee would permit me I would begin with Bengal. The soil of Bengal consists almost throughout of a vegetable mould, more or less modified, in consequence of its greater or less admixture with sand or clay. When I speak of Bengal, I would beg to be understood as speaking of those provinces that are generally called the Lower Provinces, extending as far up as Bahar to the north; to the east, as far as Chittagong, and to the west as far as Cuttack. Although certainly a champaign country, it is in some degree varied in point of elevation, and hence arises its greater or less liability to annual inundation, either from the river Ganges and the Buihamputra and their tributaries, or from violent rains, hangs one of the greatest points respecting the produce. It is one of the difficulties connected with the husbandry of Bengal, that large tracts of land cannot be had of an equal description, therefore, if a person for instance would engage in the cultivation of coffee or of sugar, two articles that require entire exemption from inundation, he would be obliged to comprise within the area of the land for such plantation, at least one-third of lands that would be utterly unfit for his immediate purposes, and he must therefore reckon upon deducting from his profit the loss incurred by the necessity he is under of introducing other objects of cultivation on the above-mentioned third part of his land.

2335. Relatively to other countries with which you are acquainted, what is your opinion of the general fertility of the soil?—I believe that those parts of India generally that I have visited, are inferior to no part of the world in fertility of soil and richness of produce. I have only visited India; I may say that I have seen the Brazils. From personal experience, of course I ought not to speak of any part of India except of those that I have had opportunities of examining thoroughly. I can point them out to the Committee on a map I have brought with me, and which I have had engraved expressly to indicate the routes of various agriculturists and naturalists in India. I have seen a good deal of cultivation in the Isle of France; I consider India equal to any part of the world in point of fertility and abundance of produce.

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2336. Do you consider it equal to the Isle of France in its capacity for growing sugar?—Yes, I do; I would beg to say that I consider it equal, not only with regard to sugar, but with regard to coffee and cotton.

2337. Do you consider it equal to the Brazils also with respect to those products?—I do; I should think so; I would not hesitate saying generally, that the soils comprised within the Company's territories, are equal in fertility to any soil in any part of the world; it is not inferior to the most fertile soil of the Isle of France. The Isle of France produces a species of mould excessively rich, such as is not often equalled, except at particular places in continental India; yet it is so excessively scanty and so intermixed with rocks and stones, that a proportionate loss is sustained which is counterbalanced on the continent of India by its greater abundance; I speak of the Isle of France from personal experience during a period of four months.

2338. What descriptions of grain are best suited to the soil of India?—You may almost divide the lands in the Indian possessions, as well as the people, into two classes, according to the nature of the grains that are cultivated by them. The one class of territory I would call the rice territory; and the other, the white grain, the wheat and barley territory. The natives of Bengal, who are consumers of rice, always meaning by Bengal that extent which I have before stated, are an inferior race of people, in comparison to the people that feed chiefly on wheat or barley, but they are more industrious. A great number of grains are cultivated besides those just mentioned; some of the most beautiful kinds of millett and other grains are produced, which are beyond all comparison for the richness of their produce; but the misfortune is, that they require better and more elevated situations than what the husbandry of Lower Bengal will admit of; they would in Lower Bengal cultivate those kinds of grain if it were not for the nature of the land; it requires higher land.

2339. Is the production of Indian corn, which is best known in America, grown also in India?—Yes, it is to a very trifling extent, comparatively speaking; it is difficult to say the reason of this. It is supposed to be a very excellent grain and most productive; but there is a prejudice generally amongst the natives that it is unwholesome, and that prejudice reaches from one end of India to the other. That prejudice, according to Dr. Hamilton, is entirely unfounded, but still it exists; and, strange as it is to say, a very large quantity of that grain is cultivated, not as a staff of life, but for eating almost in a raw state, more as a condiment than anything else.

2340. You have mentioned the survey of Dr. Hamilton; will you state what provinces were embraced in that survey, and what is your opinion of that work?—Dr. Hamilton, between the years 1807 and 1813, surveyed the following districts: Dinajpore, Boglepore, Rungpore, Purnea, Behar, Shahabad and Goruckpore; I believe that there never was produced a more complete work of this kind; the materials accumulated by that naturalist are of the most extensive and comprehensive description; the work supplies an inexhaustible source of sound and useful information. The only defect of that survey is, that being so very extensive, and comprising so many districts, which of course must correspond with each other in many

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many material points, there is a great deal of repetition; but with a good index, with such an index as a survey ought to have, and with a good deal of condensing, I do believe, and I would risk anything upon the truth of this assertion, that there exists nowhere any survey superior to it in value. I may perhaps take the liberty to mention, what the Committee may perhaps have heard respecting Dr. Hamilton's Statistical Survey of Mysore. An objection has been urged against this admirable work: it is objected that it is an extremely tedious book; but I should be inclined to consider this, if indeed founded on reality, to be rather in favour of than against such work. A statistical survey is not a book that is intended to be read for amusement, by any means; and a person that would expect to take up Hamilton's Survey as a book for amusement, might as well expect amusement from a nautical almanack, or from a table of logarithms; but at the same time I would beg to observe, that the only deficiency in Hamilton's printed Statistical Survey of Mysore is, that it has not so complete an index as could be wished, upon the perfection of which depends the value, in a very great measure, of such a work.

2341. What is your opinion with respect to the general character of the husbandry of Bengal?—I should say, that upon the whole, the husbandry of Bengal has in a great measure been misunderstood by the Europeans out of India. The Bengal husbandry, although in many respects extremely simple, and primeval in its mode and form, yet is not quite so low as people generally suppose it to be; and I have often found that very sudden innovations in them have never led to any good results. I have known, for instance, European iron ploughs introduced into Bengal with a view of superseding the extremely tedious and superficial turning of the ground by a common Bengal plough. But what has been the result? That the soil, which is extremely superficial, as I took the liberty of mentioning before, which was intended to be torn up, has generally received the admixture of the under soil, which has deteriorated it very much.

2342. Do you consider that the husbandry is susceptible of any great improvement?—Certainly; but not to so great an extent as is generally imagined: for instance, the rice cultivation, I should think, if we were to live for another thousand years, we should hardly see any improvement in that branch of cultivation. Other cultivations are more or less susceptible of improvement, but not to that extent that is generally supposed. The indigo plant, as it is now cultivated, (I do not speak of the manufacture) is probably not susceptible of any great improvement.

2343. Are you well acquainted with the indigo districts?—Yes, I have seen a number of them; I have been chiefly in that district which is considered the principal, namely, Tirhoot.

2344. Is it not considered that great improvements have taken place in those districts since the introduction of the Europeans?—Undoubtedly; I merely spoke of the cultivation of the plant. Those people that are engaged in the cultivation of indigo, are still obliged to adopt the old method of advancing to ryots or to the peasantry for their supply.

2345. Entertaining such a high opinion as you do of the fertility of the soil, to what causes have you generally referred the extreme poverty of the people?—I believe I shall be able to explain satisfactorily to this Committee the cause of this state of things. Whoever has been in India must have found that the ryot will never exert.

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exert himself beyond what will give him his daily food ; a person will never go out of his way, and will never exert himself beyond what is necessary to produce the minimum of profit. I have never seen an instance to the contrary. For instance, taking those that fell and deal in timber, although the timber will be double or treble the value if a man will stoop down to cut it near the ground, he will not do that because it gives him the additional trouble. It is that want of providence which I believe nothing will remedy, except that glorious system which we now see which has been adopted throughout India, that of educating the natives and bringing them to a higher state of civilization.

2346. Are not the Bunyers a most industrious class of men ?—They are so to a certain extent ; but the reason why in India so many men are employed upon one and the same work, is really attributable only to this want of foresight. A native of India will never exert himself beyond what is necessary to procure the minimum of profit. To this state of things it is owing, for one instance, that the cotton plant is almost always reared as an annual in India, whereas in America and the Leeward Islands, it is triennial.

2347. You have mentioned the forests of India as having particularly engaged your attention ; is it your opinion that the timber of India might become a commercial resource of greater importance than it is at present ?—Undoubtedly.

2348. Will you state your reasons for maintaining that opinion, and the particular parts of India to which your observations apply ?—I have visited a great many parts of India, particularly with reference to the timber forests, from the Oude territories to Deyra Dhoon, along the frontiers of Nepaul, and likewise those on the river Irawaddy and in Martaban, and I find that there is no description of timber in the world that either these countries do not possess, or of which they do not possess, if I may call it, the representative or substitute.

2349. What are the kinds of trees to be found on the north-east frontier of Oude ?—The staple of that part of India is the Saul tree (*Shorea robusta*), the Sissoo (*Dalbergia Sissoo*), the Poon, the Jarrool, the Mango, which is a most excellent sort of wood for ordinary purposes, and a very great variety of others. The Teak is entirely confined to Malabar, and to the Burmese dominions, partly those that still remain Burmese, and partly those that have come into the British possession, and lastly, to Java.

2350. For what purposes would you use the saul ?—Partly for ship-building purposes, and partly for house-building ; it is also in a great measure applied to the construction of gun-carriages, and to other military purposes.

2351. Is not Calcutta chiefly supplied from the Oude district with saul ?—Chiefly from Oude and Goruckpore, but strange to say, there has been a falling off which has been felt in the most serious manner ; a falling off, not only in the production of saul, but also in the production of the timber that has hardly any substitute in India itself, the sissoo. A great falling off has been experienced by the Supreme Government in Bengal in the supply of bamboos, which ought never to have been experienced ; and a committee was formed about eight years ago with a view to remedy so formidable an evil as a want of bamboos, which is the universal building material for the lower order of the natives of India ; a good sized bamboo has for many years not been procurable in Bengal.

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2352. Will you state the cause of that?—The reason is a very clear one, and one perhaps that may be applied by way of a preventive against similar defalcations. Calcutta used formerly to be supplied from a place called Moorshedabad. A large jungle consisting of bamboos used to supply from time immemorial all Lower Bengal with bamboos of very noble dimensions. About 15 years ago when the station of Berhampore became unhealthy and sickly, it was supposed that the bamboo jungle was the cause; it was entirely cut down. In the first place the sickness was not remedied, and in the next place the great source from which Lower Bengal, chiefly Calcutta, used to be supplied was at once cut off. One of the finest productions, independently of the many others that we have in our Eastern lately acquired territories on the Martaban coast, consists in superb bamboos, as we have nothing equal to this sort any where. I have seen stems of such gigantic diameter that I could almost put my head into the hollow part of them; they grow to a height the most astonishing.

2353. Have those bamboos that have been cut down grown up again?—No, there is a peculiarity in the bamboo as well as in the sugar, and a number of other products belonging to the same tribe of plants. It is this: that the term of their existence ceases the moment they have done blossoming; the consequence of which is, that whenever a group of bamboos goes into blossom, that group invariably dies, every stick of it, down to the end of the roots. I have seen a very curious instance of that at a place called Rampore, in Rohilkund. I visited Rampore in 1825. There is a belt round it of about 40 fathoms in diameter, belonging to the rajah; when I was there the whole of that belt, comprising millions of stems of bamboos, had been in one simultaneous blossom, and the consequence was that there was not a single stick alive; they were all leaning upon each other. The chieftain to whom Rampore belongs, most judiciously did not allow a single one of those bamboos to be cut away, but allowed them to remain to protect the young bamboos that spring up from the grains of the old ones. The consequence was, that at the time when I saw it, there was a succession of young bamboos protected by the old bamboos, and which would in a few years form a source of great profit to the man.

2354. Are the Committee to understand that the price of timber in Calcutta has been increased of late?—Yes; the supply of saul, of sissoo and of bamboo have fallen off very much.

2355. What has caused the falling off; are not the forests of Goruckpore very abundant?—The great point which must be taken into consideration in an Indian forest is its proximity to the water, and the facilities of conveying the timber to the nearest depôt, or the nearest port. The natives have in a most injudicious manner felled all the timber that was good and large, both young and old, and often they have done this in that most injudicious mode I have described already; the consequence is, that every good stick near the river has been allowed to be carried away, and now for every bough of timber that you wish to procure, you are obliged to go to a distance, and to convey the timber from a distance that most materially enhances the price of it.

2356. Would not that be obviated if Europeans might be allowed to form establishments there for conveying the wood to the nearest rivers?—Most undoubtedly. I should say, that if there is any point in which European skill might be

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be profitably employed, it would be in establishing saw-mills, and in establishing local depôts and local half-wrought material depôts, by which means the enormous risk that is experienced by timber being floated down entire from Cawnpore and from Goruckpore would in a great degree be obviated. Very often the consignments of timber are lost on the rivers ; these losses might be avoided, and better means of land as well as water conveyance than are now employed no doubt devised. But I would beg to be understood as speaking chiefly with reference to our lately acquired territories east of the Saluen river in Martaban, and on the Tenasserim coast, where the forests are not so destructive to Europeans as those in Hindostan.

Martis, 14^o die Augusti, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

NATHANIEL WALLICH, M. D., called in and examined.

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2357. WILL you state what are the different varieties of timber in India applicable to building purposes of all descriptions, including ship-building ?—There is a very large variety of timber ; the staple timbers of Hindostan are the saul, the sissoo and the teak, both for ship-building and for house-building ; and I would add for native buildings the bamboo, but there is no country in the world which has a greater number of forest timber applicable to every possible purpose.

2358. Have they pine or oak ?—In the greatest abundance ; there are eight species of pine trees in Nepaul, in Gurwal, Kamaon, and Sirmore, towards and on the Himalaya, and there are nearly twenty species of oak.

2359. Are the yarrow, or red pines, known in America, to be found in India ?—The species of Indian pine, with the exception of four, are totally distinct from the pines of the north of Europe or of America, those two are the purple coned pine, (*Pinus Webbiana*) which is remarkable, as a kind of dye or indigo is produced from the cones of it ; another is the *Pinus Longifolia*, remarkable for its long leaves ; thirdly, a sort called *Pinus Excelsa*, resembling the Weymouth pine ; and lastly, the Deodara, which is very like our cedar. But all the Indian pines are remarkable for their immense size.

2360. Are they accessible ?—The only difficulty with regard to the mountain oaks and the pines is in the conveyance to the plains ; but I should say, that would be one of those points to which European skill would be particularly applicable, because the natives in India have no idea of those means of conveyance by slides, &c. which have been used with so much effect of late years in America and in Europe. It is a very singular fact, that the paramount deficiency in the Indian management of timber, is the absolute want of any regular system of seasoning ; the timber that is felled

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felled to-day is likely to come into the market to-morrow, and to be sold and employed within a twelvemonth of its being felled, and to that circumstance more than to anything else I would attribute the woeful devastations by the white ant and by the dry rot which are found to prevail in India, especially in houses, and likewise in ships and boats. The natives have no idea of the necessity of timber being seasoned; and if it is seasoned in India it depends entirely upon the man not having been able to sell it, for he never lets the timber lie over for the purpose of seasoning.

2361. Is that supposed to have led in any degree to the falling off in ship-building in Calcutta?—No, I should suppose not to the falling off in ship-building; teak being the chief timber applicable to that purpose, is dependant on the inadequacy of the supply of timber.

2362. The timber on the Saluen river is not very accessible, is it?—Yes; I should say that the teak on the Saluen as well as the Attrán, is as accessible as the timber in any forest that is called accessible.

2363. The large timber is several miles from the river is it not?—At the utmost two miles; and I should consider that an exceedingly moderate distance.

2364. Have you any reason for supposing that the timber of India might become an article of foreign trade?—I believe it might.

2365. What Asiatic countries would be likely to afford a demand for it?—I am not so much alluding to Asiatic countries as to European; it is a notorious fact that a kind of tree is imported from Africa, the African oak, of which the natural history, even the name of the tree, strange to say, has continued a problem up to this day; no one knows what the tree is; it comes from the interior of Africa, and is much more expensive than timber ought to be that is imported.

2366. Is that timber used in India?—No, I only learned that since I came to this country; it has received the name also of African teak, from its participating in the extraordinary property of the teak to resist the dry rot and the rusting of iron, it contains a peculiar sort of oil. I have reported to the Government, and I am still of opinion, that the timber on the coast of Martaban would for a long time be adequate to maintain all the government expenses of those provinces.

2367. How would you propose to dispose of the timber?—I should establish half-wrought timber yards, local timber yards, and supply the depôts at Calcutta and at Bombay with half-wrought materials, depôts not only for the building of ships, but for the construction of military machines, gun-carriages, and things of that kind.

2368. Are there not forests as fine, and more accessible, to be met with on the coast of Malabar?—There are most admirable forests there, but the forests that used to supply the Bombay docks and the docks at Calcutta with Malabar teak, which is peculiarly fitted for building, had fallen off from the extreme exhaustion of those forests, but in our newly acquired territories on the Martaban coast, and the coast of Tenasserim, the forests are in all their richness; there is a circumstance connected with these forests which would at once strike any man conversant with botany; there are four or five species of oak which grow upon the coast close to the seaside, attaining very large dimensions, and being much esteemed by the Burmese.

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2369. Are there many forests on the banks of large navigable rivers that are already more or less exhausted?—As far as the question relates to Hindostan, I should say there is not a single one of the available forests that can be mentioned that has not been partly exhausted, and all of them have been ill-treated, owing to the most barbarous proceedings of the natives in felling the trees, and the means of conveyance of the natives; they always take those very near them, small or large, young or old. I have no hesitation in asserting, and I have stated it to the Government in reports on that specific subject, that unless speedy provision is made for the renewal of those forests for the supply of timber, we shall, within a very short time, find a most painful falling off, that the present means, speaking of Hindostan, would be inadequate; and I mentioned yesterday, that even in such an article as the bamboo, which I would compare to nothing less than the seacoal of England, as one of the indispensable necessities of life, there had been a great falling off. This attracted the notice of Government in the year 1823, and induced the Government to appoint a committee to consider of measures for improving their mode of obtaining supplies; the suggestion made by the committee was finally abandoned, that of establishing large plantations.

2370. If the forests have been to this extent exhausted, what induces you to believe that the supply of timber would become a great commercial resource in the hands of British settlers?—In the first place, the supply of timber I adverted to has been drawn from the Upper Provinces of Hindostan; but when I mention that the supplies might be subservient to exportation, I meant particularly to refer to the supply of timber in our newly acquired territories, that has never been touched even by the Burmese.

2371. Would not labour be very dear in those new provinces?—Certainly, and I should conceive that is a great drawback.

2372. Would not that in fact be a bar to the use of those forests?—No, I should think not; I should think that they are thinly peopled in comparison to our continental provinces, yet the population when I was there was coming in rapidly.

2373. Have you understood that any supply of timber has been drawn from those provinces?—No, not to the extent which I think at all desirable.

2374. Have you never heard that it was found too expensive to work them?—No, I should not conceive that to be the case; I was sent myself by Sir Archibald Campbell, at a time of the year when it was almost hopeless to bring anything down with me, with a few of the pioneer department, and we levelled with the ground a very large stray of teak, and had it cut up in lengths and had it measured. We did the whole business in one day. Nothing of course would be so conducive to the increase of population as the employment of the natives for this and other purposes.

2375. Is not the neighbourhood of forests generally unhealthy?—Dreadfully so, except in these new forests; that is not the case there; most unaccountably, but it is the fact, that a forest in the newly acquired territories may be entered at any time in dry or wet weather. The forests to the north of Hindostan are so unhealthy, that Europeans will find it difficult to live or work in their neighbourhood, except during a few months of the year.

2376. How

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2376. How has that been ascertained?—I can speak from experience during several years; the interior of the Burmese countries has been known to us from the year 1824, when the Burmese war broke out, and I was there in 1826 and 1827. Rangoon is surrounded with jungle and forests; Amherst and Moulmein are close upon the forests.

2377. If the Asiatic timber were brought into use in Europe more extensively than it has been hitherto, you conceive the supply must be drawn from these provinces?—Chiefly, until the resources in the mountains of India can be opened to advantage.

2378. As to the timber of Hindostan, you rather anticipate a deficiency of supply?—Yes; I should expect that by proper management of these forests, they would be sufficient for the local wants, but not for exportation.

2379. To what circumstances do you attribute the fact that the timber of India has not been in more general demand in Asia or Europe?—It would be exceedingly difficult to say. No country on earth produces a larger or more valuable supply of timber than India does; but there have been certain sorts of timber selected for certain purposes, and the people in India have always directed their attention to those few sorts, and have never troubled themselves, from the circumstance that they have had a supply in great abundance, until of late years. Now the supply is falling off, I dare say their attention will be directed to others. I am happy to find that experiments have been made in this country by Major-general Hardwicke, which have induced the Company to send out to India wrought-iron gun-carriage wheels for trial there, as a substitute for wooden ones.

2380. Does China import timber?—Not that I am aware of; the only description of wood imported, except dyeing woods, are rattans.

2381. With respect to the obstacles to the introduction of Indian timber into this country, are you aware how it happens that the timber of India has not been more generally used?—I am not aware that there has been any particular want of Indian timber here; timber from America, as well as from European states, has supplied the wants of this country.

2382. We import oak from Africa?—That has been generally very little; I know that the naval departments here are desirous of Indian timber.

2383. Have you any general remarks to make with respect to the forests of India which you have not made already?—I should say it is quite time that means should be resorted to to preserve those forests which are remaining, and that new plantations should be made.

2384. Will you state what, in your opinion, are the products of India which are most likely hereafter to be of commercial importance?—Sugar, cotton, coffee, silk, indigo and tobacco; I should say, perhaps, tea likewise; these being the commercial matters which are of most universal use and application for purposes of commerce. There are others which India has formerly been thought capable of supplying, but which, in consequence of particular circumstances, have been abandoned; for instance, hemp: it has been supposed that India produces kinds of hemp which are unequalled, even in comparison with the Russian hemp, for their strength of fibre; I speak especially of the Caloo hemp.

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2385. Have

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2385. Have you named these products in the order of their importance?—
I think I have.

2386. What is your reason for supposing that sugar, of which the export is at present but limited, is likely to be an article of greater commercial importance than indigo, the export of which has greatly increased, and is now very large?—Because I consider indigo at most is limited in its consumption; sugar, I should conceive, perfectly unlimited; the only limit upon its consumption depends on the price of it.

2387. Have you any means of estimating the amount of consumption in India itself of sugar?—I am unable to do that satisfactorily.

2388. Is it in general use among the natives?—It has no parallel but rice and salt; it is exceeded in consumption only by rice.

2389. You conceive, that independent of commercial grounds, there would in respect of sugar be a great field for the investment of capital for improvement in the cultivation and manufacture of it?—I was particularly referring to the exportation; but I should go one step farther, and say, a more judicious selection of cane; and above all, a more fit and economical extraction and conversion of the juice into sugar, would occasion a much greater demand for the article of sugar.

2390. Is not the manufacture of the rudest kind?—Of the rudest kind which can be imagined.

2391. Do you not conceive that the failure of the natives in producing superior cotton for the foreign market, is wholly attributable to their want of skill?—I should not attribute it to their want of skill so much as to that extraordinary feature in the character of the natives, that they will not do that at a greater advance of capital, or with greater exertion, which would give them a better return, if they can get it for less trouble by the use of less capital; they are the most improvident of the whole human race in that respect.

2392. They have every variety of cotton in India, have they not?—I believe they have; I believe that India produces of itself every variety of cotton; it is my opinion, that the justly celebrated American Sea Island cotton is actually in cultivation in several places in India, but owing to the manner of husbandry among the natives, it very soon loses all its principal characters for goodness, and returns to the quality of the original wild species.

2393. Are you not aware, that after experiment, it has been considered to lose that peculiar character which belongs to the Sea Island cotton when grown in the neighbourhood of the sea, that that has been attributed to the change of climate consequent on its removal from the shore?—In a great measure, certainly.

2394. That the deterioration has been owing rather to that than to the want of skill and care on the part of the natives?—I conceive not to that alone; I should say that the miserable husbandry, which never allows cotton to outlive a season, if it remained even on the sea coast, would be quite sufficient to deteriorate any cotton. In America, the Sea Island cotton is never allowed to be an annual; but in India, among the thousands of plantations, if you find one that is a perennial, it is a remarkable thing.

2395. Was it not found, that the cotton can be produced of excellent quality in the Island of Salsette, but that when taken into the interior it lost its character?—My opinion undoubtedly is, that the proximity to the sea in Sea Island cotton is

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a very necessary condition for continuing the excellence of that variety of cotton. It is known, that in China the good kinds of cotton are all cultivated in the vicinity of the sea: A superior kind of cotton from the coast of Martaban, which I have brought home and delivered samples of at the India House, are not exceeded by the cotton of any other country in the quality of the staple, or the facility of separation from the seed. Those cottons from Martaban, which I have seen in great abundance, are all cultivated near the sea.

2396. The American gin was not found to answer, was it?—It was sent out only a few years ago.

2397. Was it not found to be inapplicable to the cotton of India?—I have not heard of that result; the native implements of India, rude and simple as they appear, should not lightly be imagined to become suddenly, or at once, superseded with any advantage.

2398. Is not the raw cotton of India remarkably foul?—Undoubtedly the cotton as brought home here is extremely foul, for causes which reflect no credit on the Indian commerce in cottons; the people who deal in it do not take those measures which would at once prevent that circumstance.

2399. You consider that there are imperfections in every stage in the cultivation, the cleaning, the packing, and the conveying?—Yes, and the final preparation of the packages for transmission to Europe.

2400. With respect to the packing and conveying, what are the principal defects?—The extreme badness of the boat in which the cotton is conveyed, principally that sort called a patella, a huge ugly floating mass of wood, on which the cotton bales, which are very large, are placed on each other without any sufficient protection against the weather, and they happen to be sent down to Calcutta during the season of the year when rain is most expected; they lie on board those boats four or five months, then they are brought to Calcutta in a dirty and filthy state, such as might be expected to be the result of so barbarous a mode of treatment; they are then put into cotton screws, which are very ill regulated, not worked in a proper manner; but the cranes are turned by the natives, and the same bale will be screwed one minute by perhaps 20 men, and the next minute by 50 men, the consequence of which is that there is an unequal pressure; with a quantity of the seeds screwed into them, and in the state of dampness and mouldiness in which they are imported, the bales are sent on board. It is in my humble opinion impossible that the finest cotton upon earth, under such treatment, could arrive here in any better state than Bengal cottons are imported. I would also mention, that from the manner in which the cotton is cleansed, parts of the oily substance of the seed is allowed to remain, and that not only discolours the cotton, but gives it an oiliness, and a peculiar liability to become mouldy.

2401. You consider that there is great room for improvement with respect to the production of coffee?—Certainly.

2402. What are the principal defects?—It is only a late cultivation altogether; in 1823, I originated the cultivation of coffee upon an extensive scale. The Government, in a string of most liberal resolutions, which were issued upon the occasion, allowed planters to engage in the cultivation of that article under facilities which have never been conceded to any other branch of planters in India, namely,

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namely, permission to hold lands for a long series of years, and to grow on *certain portions* of those lands *bona fide* intended for coffee, any other article.

2403. To what extent has the cultivation been carried since that period?—To a considerable extent.

2404. By whom is the coffee thus produced consumed?—Coffee is an article of production which requires a number, at least ten years, to come properly into the market, being a shrubby plant; a number of mercantile houses, as well as private individuals, have entered upon the cultivation; there are at this moment several plantations cultivating coffee, and some has been sent home.

2405. What is thought of its quality in India?—I will say for myself, I never used to drink good coffee myself except that produced in the Company's garden at Calcutta.

2406. What extent of land has been laid out in coffee?—At the lowest I should say 10,000 or 12,000 begahs in Lower Bengal; a begah is about one-third of an acre, making about 4,000 acres.

2407. Are those lands generally held by Europeans?—Yes they are.

2408. Under the regulation of the Government?—Yes; a regulation which was liberal in the highest degree, inasmuch as it allowed Europeans to hold land on long leases, which has never been done before. The cultivation of coffee could not have been engaged in for particular reasons, if the Government had not granted that facility.

2409. Have you ever had occasion to observe the condition of the natives upon those coffee lands, whether it was improved or not?—The first coffee plantation was established in 1823, the time since has hardly allowed an opportunity for showing what can be done; it is no time of gathering and drying at present; it is a subject on which Europeans certainly have exerted themselves greatly.

2410. Have you engaged in it yourself?—Yes, I took the lead, under the express sanction and approbation of the Supreme Government.

2411. Is there any particular part of India which you think peculiarly fitted for its cultivation?—Yes, Bengal and the Burmese territory; the Upper Provinces I consider entirely unfit for its cultivation.

2412. You consider that both sugar and coffee might be produced to any extent?—The consumption of coffee is limited in comparison with that of sugar; the Hindoos do not drink coffee, only the Mahometans and Europeans do. Sugar is used by all classes, its consumption is almost unlimited.

2413. Is there any religious prejudice against coffee?—No, not to my knowledge, but the Indians have not a knowledge of it any more than of tea. The higher order of Hindoos drink tea almost as a medicine; and though the Burmese consume tea it is of a very miserable sort, and to improve that sort they pickle it. I believe that pickled tea is the sort used by that nation.

2414. Do you not think they would be very likely to consume eventually both coffee and sugar?—I should say coffee and tea, as well as sugar.

2415. Is it not the fact that many now drink wine who some years ago would not?—I should be extremely cautious in attributing to the Hindoos of India the habit or even an inclination avowedly to drink wine. I hope that amongst the Hindoos in the army the custom may never be introduced.

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2416. You consider it repugnant to their religion?—Perfectly against their religion. The Mahometan will drink wine, but no respectable Mahometan will do it unless the door were shut. The King of Oude has asked persons to drink wine at his table, but then he was supposed to be absolved by his superior rank.

2417. With respect to silk, do you conceive that there is much room for improvement in the production of it?—Yes; not so much in respect to the worm itself as with respect to the mode of feeding the worms and rearing the plants they are fed upon; I am not sanguine in supposing any improved breed can be introduced from the south of Europe, with respect to the worm itself.

2418. What are the difficulties with respect to the mode of feeding and rearing the worms?—The cultivation of that kind of Indian mulberry which is applied in the greatest degree in India to the feeding of the silkworm; the natives who cultivate them labour under the same kind of inherent character they manifest on other occasions; they will not rear the plant in such a manner as to make the supply anything more than a very scanty leaf; a man who can supply exactly the quantum necessary for the filature in his vicinity, would not take the trouble to go beyond that; I should think it would be extremely well worth while to cultivate the arborescent kinds. Throughout the Bengal provinces the dwarf kind only is cultivated, which consists in shoots, cuttings that are allowed to remain a very short time, a very few seasons; the extreme rapidity of the produce is what the natives aim at, that which will give them an immediate return; but that return is not so great as it would be if they adopted that mode pursued in the south of Europe, of having mulberry trees in cultivation. I must remark, however, that the dwarf or shrubby sort is considered by the natives as infinitely the preferable sort, on account of the rapidity, richness, and juiciness of the produce.

2419. With respect to the indigo plant, how do you account for the success which has attended the production of those plants which yield indigo, while the natives have failed in bringing to any perfection so many other products of which the country is capable?—I should attribute that entirely to the extreme facility in the growing of indigo, and the abundant crop which is produced in favourable seasons, almost every where in Bengal in the Upper Provinces it being an annual, a plant that the natives have merely to sow, and they take very little care, and it produces them a *prompt* return of money, which is the object the natives always have in view, a return for the smallest amount of labour; but the great superiority of the indigo, as a commercial article, hitherto, I should say, has been depending upon the wants of the foreign market; the foreign market required such a supply of that article, as to lead a number of Europeans into a minute investigation of that particular produce.

2420. Do you not consider that European capital has stimulated the industry of the natives in those districts?—As far as indigo is concerned, most assuredly; the native indigo is beyond all description bad; I speak of the indigo as it used to be supplied, before European skill and capital came into the market.

2421. Since that period you conceive there has been a striking improvement in the manufacture?—Exceedingly striking; even the mode of manufacturing by the natives themselves has been improved.

2422. Has

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2422. Has the husbandry of those districts been improved also?—I should conceive so, a great deal of capital has been allowed to flow into those particular provinces.

2423. Is the vegetable plant from which indigo is now produced, likely to continue the exclusive source of that branch of the trade?—I should think not; it is almost desirable that it should not.

2424. What are the plants which produce indigo?—There are several plants which produce indigo; there is a kind of asclepias which produces the Sumatra indigo, an indigo brought to light many years ago by Mr. Marsden, the celebrated author of works connected with India. The same species of asclepias, or one very nearly resembling it, is a native of Bengal. There are, besides the indigo tree, various species of shrubs of the genus *Indigofera*, which produce indigo. I have found a species of this last-mentioned tribe with leaves several inches long, and apparently containing a large proportion of colouring matter.

2425. Tobacco has been introduced into India from the Western Hemisphere, has it not?—Yes, from time immemorial; it has no native name, which is a sure proof it is not the produce of India; but it has been in India from time immemorial.

2426. What is the present extent of its cultivation?—It is one of the smaller cultivations in India, it is rather limited in comparison with the articles I have before referred to.

2427. It is produced rather for domestic use than as an article of foreign trade?—Only for domestic use. I brought with me a kind of tobacco from the Burnese country, which was reported upon by brokers in London as being equal to the best from the West-Indies.

2428. How do you account for the fact that the East-Indies never produced any of this tobacco?—The tobacco in India is altogether bad. There is a kind of tobacco which is much prized in this country, that which bears the name of Masulipatam snuff, grown in the Northern Circars to a very limited extent however, and converted into snuff at Masulipatam, on the coast of Coromandel. Another kind of tobacco produced in Bundelcund, at a place called Belsa, and as limited in its production almost as the Burgundy or Champaign grape is limited in Europe. My object in mentioning these facts is to show that India is capable of producing good tobacco. The natives of Hindostan consume a great deal, but they do not consume it in the raw state as Europeans do.

2429. Do the mass of the people consume tobacco?—Yes, the majority consume tobacco, both Mahometans and Hindoos; but notwithstanding that the relative quantity of tobacco used is small, because they mix it up with molasses and spices, as well as with certain fruits, such as plantains and preserved apples, into a substance, which is smoked in that particular kind of pipe called the hookah.

2430. Is that preparation used by the lower orders of natives?—Yes, universally almost, low and high.

2431. Is tobacco used in China at all?—Yes, to a certain extent, more or less, with opium.

2432. Is it an article of import?—I believe not. I have known some of the excellent Havannah tobacco grown at Boglepur on the Ganges, by an European gentleman.

2433. Can

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2433. Can you state the weight of tobacco which can be produced in one year from an acre of land?—On very rich land it has been known that eight maunds, that is 80 seers, a seer being about two pounds avoirdupois, has been grown; but on the average it may be said that four maunds would be considered a fair return in green leaf.

2434. Is the lac dye likely to interfere with indigo?—I should suppose not.

2435. What are the plants which produce lac dye?—There are a good number of them; several species of figs, of jujubes, the polash or dak, a sort of cytissus called by the natives Urhur, even a sort of mulberry tree, besides others.

2436. Have there been any improvements introduced lately in the preparation of dye?—Yes, in the extraction of the dye. I understand a French gentleman, in the Upper Provinces, I think at Mirzapore, on the Ganges, found out a mode of extracting a dye, which he kept a secret, the produce of which far exceeded any that had been heretofore seen in the market.

2437. Does it appear to you that there is any improvement in the production of that article?—Certainly.

2438. Does it appear to you that the dye is extracted in the best manner?—It is considered an inferior article, because the operation employed in India for extracting it is very crude, but the article itself is very important.

2439. What are the purposes for which it is used?—For the purposes of dyeing, the same as vermillion is used and cochineal; it is a red dye, for the dyeing of cloths; the plants which yield the lac dye are not a few; I have, however mentioned the most important.

2440. With respect to the spices, cinnamon, cardamums, alspice, pimento, and pepper, do you consider that the production of those articles might be carried to a greater extent than at present?—Certainly, to such an extent as to be limited only by the demand.

2441. Do you consider that by the application of skill and capital the cost of production might be materially reduced?—I should hardly suppose the cost of those articles could be much reduced, that is almost brought to its minimum, and we must always depend upon the natives for the cultivation of those articles; the question would depend on the facilities for exportation, the exportation into foreign countries.

2442. If you do not think the price is likely to be reduced, why do you think that there would be a greater production?—I speak of the export of those articles, that it would be much greater if there was a greater consumption; this is limited I believe only by the price.

2443. Have you any suggestions to offer respecting the mode of feeding horses, elephants, camels, sheep, and oxen?—All I can say is, that for any number of animals either for conveyance or for consumption, any quantity of food might be produced in the utmost possible abundance in India; with respect to the food of camels and elephants, I should think it extremely desirable to provide a more ready and abundant supply of food for them than has been done hitherto.

2444. How do you conceive that can be done?—By planting those trees which are extremely easily cultivated in India, which form the staff of life for them; the particular Indian fig-trees are not produced in that abundance near large stations to supply food for those animals that feed on them.

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2445. Are horses fed on trees, as well as camels?—No.

2446. Is not the butchers' meat of Bengal extremely bad?—I should say it was extremely good.

2447. Can you get a good leg of mutton in Calcutta?—I think superior to any to be commonly found in the markets of London; I will not say superior to Welsh mutton; Bengal mutton, or rather Patna mutton, is a small breed, very much resembling South Down.

2448. What is the cost of butchers' meat?—I should say it is moderate in Calcutta. In speaking of butchers' meat I refer only to the situations in India where there are European settlements; though the Mahometans are allowed to eat meat, their consumption is limited in comparison to that of Europeans.

2449. Do you consider India to be capable of producing potatoes and yams?—To the utmost possible degree; I am very glad to have an opportunity of mentioning that the potato is one of those articles which has found its way within the last six or eight years into their domestic economy. They have no name in Sanscrit for it, for it is a foreign plant in India; but it has found its way amongst the people, and they are fond of it. It is produced in abundance, and is very cheap, owing to a circumstance which occurred five years ago; the supply of the potato in Lower Bengal used to be derived from the Upper Provinces, Bahar; the crop failed there, and the Court of Directors were requested to send out a fresh supply from England, which they did within the shortest possible time; I believe from the day of the despatch being sent from the Bengal Government to the day the supply came out was no more than eight months, and that gave a fresh impulse to matters; I speak of 1823 or 1824, since that the Upper Provinces have been supplied from Bengal. I would say I have not tasted a potato in England superior to those which may be had in the market of Calcutta and Patna.

2450. Do they form a cheaper article of food for the natives than rice?—No; but it has been thought desirable that their sustenance should be improved; there is more sustenance I believe in the potato than in rice; it would make them a more robust race if they were to feed on them, I believe.

2451. Can you state what is the number of new articles of produce which have been raised in India, or brought into extensive cultivation within your experience?—I should say in strictly agricultural matters, and in matters applicable to commerce, that coffee is almost the only one. A great variety of fruits, the produce of foreign and distant countries, has been extended to India; they have become objects of cultivation by natives as well as Europeans, and their introduction has added a feature to the native character which is novel; they participate now in the pleasure of European gardening to an extent which is quite remarkable. Formerly rows of beetel nuts, the tagetes plant, or some antiquated things of a similar description which have not much variety to recommend them, used to be the extent of the native art of horticulture; now there are very few natives who can afford to have a house in Lower Bengal, near the European stations, that do not indulge in a little pleasure ground.

2452. Do you not conceive that the natives generally are turning their attention to commercial pursuits more than they did formerly?—I should say naturally they would do so in the neighbourhood of commercial towns that are flourishing.

2453. Have

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2453. Have you paid attention to the cultivation of the poppy?—No; except on one point, on which I wrote a paper eight or ten years ago, containing a statement of the preparation which the Bahar and Patna opium undergoes before it is purchased by the natives of Penang and China, and elsewhere, and with reference to the consumption of opium at Penang, the relation between the prime cost of that opium and the retail price. The memoir has been inserted in the Calcutta Agricultural Society's Transactions.

2454. Have you anything to state with respect to coffee and tea in India, in addition to what is to be found in your paper, which is before the Committee?—Since I had the honour of presenting my observations to the President of the Board of Control for India Affairs, I have collected a good deal of matter connected with the tea cultivation in China, and the mode of gathering the leaf. Mr. Reeves, who has lately come home from China, has favoured me with much valuable information on all those points. I have likewise to offer some remarks on the manner in which I would suggest that a small experiment ought to be made with regard to the cultivation of it. I abstained from entering upon that subject in my report as being matters of detail.

2455. Have the goodness to state what has occurred to you upon that subject?—The great point would be to get the genuine good kinds of tea from China, an object of paramount importance, which would require great care and caution. Unless the Government authorities in China were to interfere in a prudent and cautious manner, with the view to obtain, without offence to the Chinese, the genuine kinds of tea, I should not recommend any attempt at making experiments in India, for they would never lead to anything satisfactory. The teas should be of the genuine good kinds. In the next place a very cautious selection should be made of the spot on which the experimental plantations, I would call them experimental nurseries, were to be established. I would have very careful people to take charge of them; and I should as a general rule say, make the experiments rather on a small scale than a large one; the only thing I should look to beyond a satisfactory result of the experiment itself, would be the practicability of making the plantation repay the cost of it.

2456. Is there any particular province you would recommend?—There are various provinces; I might recommend the provinces of Kemaon, Sirmore, and some more.

2457. Have you seen a plan for forming a joint stock company for the growth of tea on the Nepaul mountains?—Yes, one was communicated to me soon after my coming to England, by Mr. Walker.

2458. Do you conceive that situation would be a favourable one for the experiment?—There are some good arguments in that production, speaking of it only in an agricultural view; but I do think that many of the premises are wrong, and the author has only, as it were accidentally, arrived at the right conclusion with respect to the probability of tea being cultivated on a large scale in India.

2459. Do you consider the situation properly selected?—Some of the situations mentioned are decidedly bad; he speaks of the cultivation of tea at Java and Penang, where we know it is a complete failure; and since I submitted my report upon tea, there has been sent to me samples of Java tea as fair and good samples,

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and I should say that poor must be the man in England that would drink the best of them.

2460. Should you feel sanguine that a company properly formed with that view, would get a return for their capital?—Certainly not; I should disrecommnd it *in toto*, for we are on trodden ground. I have submitted my views, but after all the matter is problematical; experiments have been made so perfectly without reference to those points which ought to be kept in view, that they can lead to no result whatever; we are just where we were before tea was ever tried as an article of cultivation in India.

2461. Do you think that the experiment should be in the first instance made by the Government?—I think so decidedly; the Government would select officers in whom they could repose confidence, partly for the selection of the shrubs in China, and partly for the carrying into effect the experiments on a limited scale; they have means which I believe no individual could command; but I beg particularly to state, that it should be a limited experiment, not an experiment attended with any very great expense.

2462. Is there any other statement you have to make upon these subjects?—I will only state, that the Company's territories in India are productive of every article which can conduce to the happiness of man, and it only requires skill and ingenuity, and encouragement both to the natives and to Europeans in India, to select everything that can possibly be desired.

JAMES COSMO MELVILL, Esq. called in and examined.

J. C. Melvill, Esq.

2463. THE nominal amount of the Company's subscribed capital is six millions?—It is.

2464. How much of that was actually paid up?—Some of the capital was subscribed by authority of Parliament at rates exceeding 100 *l.* per cent.; the last subscription was 200 *l.* per 100 *l.* stock. The whole sum paid up by the proprietors amounted to 7,780,000 *l.*, independently of the dead stock which existed at the time of the union of the two Companies, and which was valued at 400,000 *l.*

2465. It was in 1793 that a further subscription was authorized, was it not?—It was in 1793 that the last addition was made to the capital.

2466. What was the value of the Company's commercial property in 1793?—I am not aware that any statement has been made of the Company's commercial property in 1793, when, as the Committee are aware, the account of the territory and the trade were not separated.

2467. Would it be difficult to take it from the stock per computation?—I apprehend such a statement might be prepared.

2468. Do you think it would be possible to separate the commercial debts and assets of the period of 1793 from the territorial debts and assets, upon the same principles as were applied to the separation in 1814?—I think it would.

2469. The amount of capital really employed, as computed on the first of May 1829, is 21,102,182 *l.*?—It is.

2470. Will you explain how the increase upon the original six millions has arisen, commencing first with the period of 1793 to 1813?—I apprehend the increase
between

between 1793 and 1813 must have arisen from the addition made to the capital in 1793, and from an accumulation of commercial profits.

2471. Will you state on what principle it was that the Court made the assignment of debts and assets to territory and commerce at the commencement of the present term, which is found on their stock per computation in 1815?—That has been explained lately in a letter from the Court to the Board, from which I will read the following passage, viz.—“The provisions of the Legislature for the separation of accounts in 1813, became the easier of execution by reason that one of the most important questions connected with this subject, the character of the India Debt, had been previously determined by the Legislature itself; the Charter Act of 1793 having described this debt, as ‘incurred in the defence and protection of the British possessions in India,’ and that of 1813 in its financial provisions referring to it, under the express appellation of ‘Territorial Debt.’

“The debts due in England as the consequence of the Indian Debt (bills drawn for principal and interest, loan from the public raised to discharge such bills, &c.), obviously fell under the same classification, and were so stated in the home accounts; and with regard to the loan of 2,500,000*l.* from the public, the Act of 52 Geo. 3, c. 135, as well as the Charter Act of 1813, clearly determined its territorial character.

“In regard to the Bond Debt, so clear and unequivocal a guide did not exist, and therefore it was for many years retained as an item in suspense; but on a recent occasion the Court have explained to the Board the grounds upon which they are convinced that this debt also is territorial.

“The separation of the Assets was accomplished with but little difficulty. As respected those abroad, the great mass of the property of which they were composed was employed for services connected with the Territorial Branch: the Quick and Dead Stock Accounts, even prior to 1813, showed the amount existing in each department of Government (the Commercial being then one of such departments); but the classification of that period being in some respects erroneous, directions for adapting it to the system to be in future observed were sent to India with the public letter to Bengal of 6th September 1813.

“The Assets at home and the property afloat were obviously for the far greater part of a commercial character, being employed in operations necessary to carrying on the Company’s trade, and having been derived from commercial sources. The few cases of exception, such as the balance due from Government on account of sums expended in military expeditions and other political services, and the amount of a remittance of treasure on its passage to England, for the purpose of discharging political demands at home, were considered to be territorial, according to the principles of classification applicable in India to the transactions in which these assets originated.

“The separation which took place in 1814 thus respected the property actually existing in each branch, together with the ascertained liability of each, and sufficient, it is presumed, was thereby accomplished for the future distinct exhibition of the financial operations of the two branches, during the continuance of their union as one concern.

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"The Board will not fail to observe, that the separation of debts and assets in 1814, was independent of the ultimate territorial claims of the Company as a commercial corporation, which, during the term granted to the Company, were reserved by the Legislature (53 Geo. 3, c. 155, s. 95), the full extent of which it will rest with the Court to bring forward, under the sanction and by the authority of their constituents, whenever circumstances may render that course necessary."

2472. Was that division and assignment the subject of arrangement between the Board and the Court in the same manner as the division of the account was provided for between them?—No; the plan for the separation of accounts which was framed with the approbation of the Board was prospective; but the Board of course had cognizance of the accounts in which the separation retrospectively was made, upon the principles contained in the passage of the Court's letter before quoted.

2473. Do you consider the commercial proprietors to be liable by law to the territorial debt?—I really do not feel myself competent to give an opinion upon that point.

2474. Do you know the form of the obligation?—I believe the obligation is expressed in the name of the Company of Merchants trading to the East-Indies.

2475. Will you state what you consider will be the debt due from the territory to the commerce at the close of the present term, according to the latest estimate?—Between four and five millions.

2476. What remittances have been ordered since 1828–29, in payment of the debt due from territory to commerce?—Remittances were ordered of one million in 1829–30, one million in 1830–31, and of 600,000*l.* in 1831–32, to be effected in bullion, or in bills upon the security of cargo.

2477. Bullion has been received in discharge of the two first orders?—Yes, it has, and bills also.

2478. Can you state what rate of exchange was realized?—About 1*s.* 11*d.*

2479. Can you state what has been the profit on the China trade in each of the years since 1828–29?—In 1829–30 it was 924,000*l.*; in 1830–31 it was 1,078,000*l.*; and in 1831–32, 932,000*l.* These are the results supposing the funds furnished from India to China to have been remitted at the mercantile rates of exchange for bills in London upon India, instead of the Board's rates.

2480. Will you explain to the Committee the circumstances under which the Company would be entitled to the payment of 1,207,560*l.* the amount of East-India annuities grafted on the 3 per cent. Reduced Account, by the 33 Geo. 3?—That I can from the proportion of East-India annuities due by the public to the Company; and the condition of every new arrangement between the public and the Company has been, that at the expiration of that arrangement the sum in question should be repaid to the Company at par; that was a condition of the Act of 1813. (*Vide* also 33 Geo. 3, c. 47, s. 7.)

2481. To what part of the arrangement do you refer, to the exclusive trade?—It is that clause in the enactment which declares that both the term for administering the territorial revenues and the exclusive privilege of trade shall cease upon three years notice, given after the 10th of April 1831, and upon payment by the public to the Company of the East-India annuities held by them.

2482. At

2482. At what period did that balance, which forms the subject of that enactment arise, as a debt due from the public to the Company?—It was much larger in 1750, and was soon after that reduced to its present amount by sales of the East-India annuities, rendered necessary by the military expenditure in India.

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2483. Is there any particular reason why this amount of annuities was not sold as the others were?—Although not sold, the Company have occasionally borrowed upon that security; they were of course unwilling to dispose of this part of their commercial property, which when paid to them by the public must be at par.

2484. Will you state whether you consider the system of Indian finance and of trade, as connected with financial arrangements provided by the Act of 1813, as being complicated, and whether they might be rendered more intelligible?—My impression is, that the financial clauses of the Act of 1813 are complicated and obscure; the working of the system, however, appears to me to have been perfectly intelligible, although there may have occasionally arisen doubts of the precise meaning of the different provisions in the law.

2485. Has it not in its operation led to much difference between the Board and the Court?—There has been a difference of opinion upon two of the clauses respecting the remittances from India, which the Board consider applicable in the first instance to the discharge of interest of the Indian debt, whilst the Court give the priority to the payment of the ordinary territorial charges; but I think that the Board's rates of exchange are the main cause of that difference of opinion. Those rates which do not apply to the interest are so unfavourable to the Company's trade, that the Court have been naturally desirous to protect the Company as far as possible, and an anxiety on the part of the Board to let the Indian territory have as large a benefit as possible from those rates.

2486. Are there any suggestions which it occurs to you to offer, with a view of improving that system of finance, and the accounts generally in the Act of 1813?—It would I think be desirable that accounts in the shape lately rendered by the Company to the Board, should be presented to Parliament, instead of those which Parliament now requires; I mean accounts which exhibit cash balances at the commencement and at the end of each year, and all intermediate receipts and payments.

2487. You refer to the two sets of accounts, called the Commercial and Territorial Revenue?—Yes.

Mercurii, 15^o die Augusti, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

II.
FINANCE

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N. M. Rothschild,
Esq.

N. M. ROTHSCHILD, Esq. called in and examined.

2488. WILL you have the goodness to state what course you should recommend to be taken in the event of its being necessary hereafter for the government in India to remit annually from India to this country, an amount varying from two to three millions sterling?—I should recommend to the Government for a few years to try gradually to remit in specie, either silver or gold; and as the trade from India will be open then, the Government can give great facilities to different people in trade; they may then take bills on England. Hitherto the trade from this country to India has been carried on through the India Company and half a dozen India houses; if you wish to sell on the Royal Exchange a bill on India, the only purchasers were such houses as Messrs. Fletcher & Alexander, and Messrs. Cockerell and others. To this trade a great capital is wanted, as the bills which go to India will be six months going, and until the returns will come again will be from six to eight months more; on that principle it is not possible that Government can sell immediately so many bills on the Royal Exchange, as there is not capital enough on the Royal Exchange for that object at present, as particularly the trade of India is only in a few hands; but if the India trade were opened, there is no doubt in time a great many bills could be sold on the Royal Exchange to different merchants who will then deal to India, but for the present I think the Government would do well for their own purpose, gradually to send from India specie, and in that case not to oppress the market in India, to establish an office there, and the party who receives the money in India to lend the money to some of the merchants at a small rate of interest, and gradually remit it home in specie, or lending the money to merchants that will keep the money in circulation, which will do good to the Government and to the merchant; and if the Government wants money, to issue Exchequer Bills upon that money which they receive. Suppose that money cannot be remitted as it shall be wanted in England in six months, and that the people in India will be obliged to have more time, 12 instead of six months, if the Government want money, they may for that little time issue Exchequer Bills to straighten their accounts till the money comes in; this is the best course I can recommend to the Government.

2489. Do you think taking bills with the bills of lading of cargoes as security would be a good and safe mode of remittance for the Government?—Certainly, it would be a very good mode; it can be done by acting upon that principle, and giving great facility to the trade with India, but the Government must do it with responsible persons.

2490. Do you not think, through the medium of the different public docks, there is every facility for securing the proceeds of the cargo to the person who
advances

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N. M. Rothschild,
Esq

advances on the bills of lading, without the Government employing themselves in an expensive agency for disposing of the cargoes here?—The dock companies will receive any cargoes of vessels entrusted to them, and I have no doubt they will do all that may be required in appropriating their proceeds to the rightful owners.

2491. What proportion of the value of the cargo would you approve of their advancing?—I would advance 75 per cent. immediately in India, and if the property shall come to England and shall not meet the amount advanced, the consignee or manager in England shall be required to deposit five or ten per cent. more.

2492. Are you aware that the trade to India is perfectly open?—Yes, I am aware that it is, except the China trade.

2493. What is your opinion of the effect of remitting large sums in bullion from India annually?—There is no doubt that would do ultimately not much good to India, taking away all her specie, but this must be judged by the parties who are there, seeing how the circulating medium is; it must be judged of by the Government at the time.

2494. Would the effect depend on the means of procuring specie, if India, by exporting her own commodities to China or any other country, is able annually to receive a large amount in specie, in that case the annual remittance of specie will not be so prejudicial?—Certainly not; but if the principle I mentioned before is followed, that there shall be some person of respectability who shall look into it and guide himself according to circumstances; if the money is very plentiful he may send specie to England, if money is scarce he shall do the contrary, and shall try to lend that money on consignments to England, and on collateral security there, by which he will do good to India and to this country, because if the goods fall too much, people will be alarmed at purchasing in England lest the goods should be lower, so that the party who receives that money, if he is respectable, may do good to India and to this country.

2495. How is the Government to judge of the respectability of the party?—Government must send out two or three persons there for the purpose of information on that matter.

2496. The value of a cargo of course must depend upon examination; would you take a gentleman's word as to the value, or examine the cargo?—I would take a gentleman's word and examine the cargo besides.

2497. In the case of Government making large remittances from this country for the purpose of carrying on a continental war, was it in the habit of purchasing bills, or did it employ agents to purchase them for the purpose of making remittances to the continent?—Agents were employed.

2498. Would not the two cases be precisely similar, the Indian government purchasing bills on England, or the English government purchasing bills on the continent?—The difference is this, there is a great deal of trade going on from England to the continent, perhaps by 1,000 merchants, so that they may easily buy bills on the continent; but the trade of India has been in very few hands at present; by opening of the trade they may have more chance of doing the business in the same manner as it is done on the Royal Exchange here, in the purchasing of bills on European towns.

II.
FINANCE.

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Sir John Hall.

Sir JOHN HALL called in and examined.

2499. WHAT was the quantity of goods of every description deposited in the warehouses of the St. Katharine's Dock Company on the 1st of January last?—Fifty-two thousand tons.

2500. What was the quantity of goods landed, housed and delivered, during the year 1831?—Two hundred and fourteen thousand tons.

2501. What is the estimated expense per ton of goods upon landing, housing and delivering, including the usual internal operations in so far as relates to the disbursement for actual labour?—About 6s. per ton.

2502. What is the permanent establishment of the St. Katharine's Dock Company, and what the annual charge on that account?—There are nineteen directors, the amount of whose salaries is 2,950*l.* a year; 78 salaried officers, 13,682*l.*; the amount paid for wages during the last year for foremen, labourers, coopers, ship-workers, messengers, apprentices, gate-keepers, the police and firemen, 34,000*l.*, making a total of 49,532*l.* It is necessary I should here observe, that the permanent establishment of the St. Katharine's Docks, with relation to labourers, is only 150; we have a second class of labourers, called preferable labourers, consisting of 250; and the third class of labourers, who are distinguished as extra men, who having tickets are entitled to be employed as the service may render necessary, by which means considerable economy is introduced in the management, inasmuch as at all periods no more than 150 men are to be provided for by the Company, the whole of the labour being regulated by the demand of service.

2503. What are the other annual expenses incidental to the management of the business of the Company?—The amount of stores and materials expended during the last year upon the extent of business before stated was 6,000*l.*, insurance from fire, 500*l.*; rates and taxes, 6,500*l.*; the repairs, including addition to plant, fixtures and machinery, 2,500*l.*; and incidental charges, which includes lighterage, expense of steam vessels, coals, and losses by accident, 5,000*l.*; in addition to which the Company have a superannuation fund, which is established on a novel and improved principle, as none of the officers of the establishment, or the labourers, contribute to it, but the Dock Company set apart every year two and a half per cent. upon the amount of the sum expended for labour, and five per cent. upon the amount of salaries, which is invested, and constitutes an accumulating fund, so that any officer or person in the service of the Company meeting with an accident whilst in the discharge of their duty, or when at the age of 65 being no longer competent to the due execution of their duties, would be entitled to have their claims considered by the Directors as to whether any superannuation should be allowed him or them, or not. This fund is entirely, as to its disposal, in the hands of the Directors, without the possibility of any legal or equitable claim being raised by the officer, if the Board should not consider his merits as deserving a favourable consideration.

2504. Is it understood that except in case of accident, or in case of a servant reaching 65 years, he is not entitled to allowance?—He is not even entitled to have his claim entertained, unless incapacitated by accident; at the age of 65, if still competent to the discharge of his duties, he would not be entitled to any superannuation; the allowance would only be extended to such who
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from accident or incapacity produced in the service of the Company are rendered unservicable previous to the age of 65. The amount so set apart last year amounted to 11,000 *l.*, so that the total disburse of the St. Katharine's Dock Company for the last year was 71,130 *l.*, being the charge upon the conduct of the business. The total amount of outlay of the Company is about 2,150,000 *l.*, which is composed of the following items; 900,000 *l.* for buildings, and works connected therewith; 850,000 *l.* paid for the site, and for compensations; and 300,000 *l.* for works in the engineer's department; and the residue for interest paid the proprietors on investments prior to the opening of the docks, law charges, plant, fixtures, &c. To the 71,132 *l.*, last year's expenditure, having borrowed the remaining monies beyond the fixed capital of 1,352,000 *l.*, the Dock Company pay annual interest 4 per cent. for the loan, which makes an annual charge of 34,000 *l.* to be also provided for prior to being able to pay any dividend, making together a total of 105,000 *l.* as the annual charge upon the Company.

2505. Do they not pay a dividend on the capital?—From the period of the passing of the Act until the opening of the docks, the proprietors received 4 per cent. upon their investment, which is included in the general outlay, and since the opening of the dock, the Dock Company have paid a dividend of 3 per cent.

2506. What is the average amount of rent per ton for goods by the year?—*£. 1. 2s. 6d.*

2507. What do you consider would be a fair return for the investment of capital in such an undertaking as the St. Katharine's Docks?—I should consider 6 per cent. a fair return for the investment of capital, taking the chance of further profits in the capacity of warehouse-keepers.

2508. What extent of additional business beyond that conducted last year would yield an income equal to a dividend of 6 per cent.?—One-third increase of business would yield an increase of dividend equal to about 100 per cent., inasmuch as the source from which such income would now be chiefly derived is from warehouse-rent. We have at present about 50,000 tons of goods in warehouse, which, if increased to 70,000 tons at the rate of rent I have described, would, with the attendant increase of business, produce a sufficient income to warrant a dividend of 6 per cent.

2509. Are you acquainted with the mode in which the East-India Company conduct their warehousing business?—I have some knowledge of it, though not intimately acquainted with the immediate details; but it is a subject as connected with the trade of the port which has been constantly under my notice for many years past.

2510. Do you think it is economically conducted, or that it is susceptible of a less expensive management?—I conceive it is conducted at a very large expense, and certainly is susceptible of a very considerable reduction; I will mention one item, namely, labour only. I understand the East-India Company have a permanent establishment of from 2,700 to 2,800 labourers, for which I am satisfied sufficient work cannot be found during the whole year; the East-India Company's labourers are also better paid than the labourers are in the St. Katharine's Docks. The extent of pay in the dock for permanent labourers for eight hours work is

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2s. 8d. per day, and we generally get an additional half-hour, part at commencement and part at the termination of the hours, making eight hours and a half, less a quarter of an hour for refreshment; whereas the East-India labourers for the same time would at their rate of pay get 3s. 6d per day; in addition to which, without intending to cast any reflection upon the practical management of the East-India Company's warehousing business, it is natural that in an establishment where appointments do not take place by influence or patronage, the men are not only better looked after, but more work is obtained, from a spirit of emulation and a desire of promotion, than in an establishment where such appointments are governed in general by patronage and influence, which I believe is the case with the East-India Company. It is understood that the expense of labour alone paid in one year by the East-India Company has been 160,000*l*.

2511. Do you think, considering the nature of the goods warehoused by the East-India Company, taking the amount of tonnage, the number of labourers, and the circumstances of those labourers, that a fair comparison might be made between the East-India Company's warehousing system, and the St. Katharine's Docks warehousing system, by comparing the tonnage of the two establishments, and the expense of labour in each?—I see no difficulty in establishing such comparison whatever.

2512. Do you think that it is a rule of three sum?—No, not quite so, as there is one and a chief branch of their trade confined to tea alone, and the way to arrive at the comparison would be, to dissect and separate that branch from the remaining branches of their trade, when the residue would, as a matter of comparison, be ascertained upon the principle of a rule of three; the other would be an addition of the expense attending the internal operations upon tea.

2513. What other article of trade is there which you think would best admit of comparison with the article of tea?—None whatever; the greatest portion of the increased labour on tea is in the mending of the chests, and the sorting of qualities, and putting them on show, which is a very tedious operation, and the assortment and sampling certainly requires considerable skill.

2514. Is the mode of levying rates by the East-India Company, different from that of other dock companies?—It is; the East-India Company levy their rates by an *ad valorem* per centage, varying from one and a quarter per cent. to seven and a quarter per cent. according to the tariff of the several articles. The principle upon which the rates of the Dock Company are calculated is, first with reference to the expense of labour, next, the cost of material, and last, the profit added thereto necessary to produce a fair remuneration upon the capital invested. The *ad valorem* rate of charge of the East-India Company, is on a great number of goods extremely heavy, whilst on some few it is very low.

2515. The effect will be to make it on some articles disproportionably high, and on others disproportionably low?—Certainly, according as the market rises or falls; and since the prices of some articles have been much depressed, we have found about half-a-dozen of them usually lodged with the Dock Company, which have now been placed under the management of the East-India Company, their *ad valorem* mode of charge not covering the expense of working the goods, so that the consignees have found it better worth their while to place them under the East-India Company;

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Company ; on the other hand, there are other goods, which being of great value, the rates operate the other way, and the East-India Company have nearly lost the whole of the sale of several staple commodities, such as cotton, saltpetre, sugar, drugs, &c., which at one period formed some of the chief articles of their periodical sales. The charge on indigo is extremely heavy, as compared with what it would be if warehoused and sold by other parties.

2516. As the East-India Company sell the goods of merchants at periodical sales, would there be any difficulty on the part of the St. Katharine's Dock Company affording a similar accommodation to the merchant, and at a reduced charge?—None whatever ; for a considerable period, prejudice has existed in favour of the mode of management of the East-India Company, sufficient cannot be said in favour of it, but the charge exceeds the proportional advantage in very many instances.

2517. What charge would you consider it reasonable for the St. Katharine's Dock Company to make?—I can take upon myself to say, that the St. Katharine's Dock Company would be content to perform the management generally at one-third less than the rate charged by the East-India Company ; deducting one-third of the rates now levied by that body *ad valorem*, the Dock Company would be content to take those rates as a remuneration for the mere warehousing and management, charging rent and delivering charges in addition.

2518. Taking the amount of rates levied for warehouse room, and the amount levied for care, you say, putting the aggregate of the two together, the St. Katharine's Dock Company would do it at two-thirds the amount?—Yes, generally, with some few exceptions, and assuming the same privilege as to exemption from auction duty, as enjoyed by the East-India Company.

2519. Are not all goods sold by the East-India Company free from auction duty?—The Act of the 19th Geo. 3, c. 56, s. 13, exempts all goods sold by the Court of Chancery, by the Exchequer, the Customs and Excise, the Ordnance, the Victualling and Navy Boards, and the East-India Company and Hudson's Bay Company from auction duty ; I think it is clear, that the intention of the Legislature was to exempt the goods belonging to the East-India Company only, but from no inquiry having been made into the practice, merchants have sent up goods from Liverpool and various places, after trying to sell them ineffectually, and have placed them under the East-India Company's management, and by that means the auction duty upon sale of private property has been evaded.

2520. What is the actual duty charged on goods, the property of the importing merchant?—An half per cent., by Treasury order, dated 17th September 1816, provided the goods are sold for the first time, and have not changed hands from the first importer, limited to twelve months ; so that if the goods have been previously put up to sale at Liverpool they would, according to my interpretation of that Act, not be exempt from auction duty if sent up and sold at the East-India Company's sales.

2521. Have not the East-India Company some arrangement with the East-India Dock Company, under which they pay them an annual sum for the use of their docks, and has not this agreement led to directions from the East-India Company to their officers in India to compel every ship, having on board goods

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of the East-India Company, to proceed into the East-India Docks to discharge, by which the consignees of the remaining portions of cargoes have been put to much expense and inconvenience in removing such goods to more convenient places of deposit?—The agreement between the East-India Company and the East-India Dock Company, I have understood to condition a payment for the use of those docks of 30,000*l.* per annum, so long as the charter shall continue, which secures to the East-India Company the use of the East-India Docks, and of their warehouses; the effect certainly has been such as is embraced in the question, namely, that directions have been issued by the East-India Company to their officers in India, subject to some slight modification, to compel vessels on board of which goods are shipped in India on account of the East-India Company, to proceed to the East-India Docks to discharge, the object of which compulsion is to fill the warehouses there, and to derive the advantage of the landing and wharfage charges; but the course of trade has latterly been such that the private trader generally prefers having his goods deposited in a place more proximate to the seat of business, where, for the examination and personal inspection it is more convenient; the chief part of such goods have therefore been removed at the desire of the private owners, either by lighters or by land-carriage from the East-India Docks, and deposited chiefly in the warehouses of the St. Katharine's Dock Company. The consequence of the arrangement referred to between the East-India Company and the East-India Dock Company has also been to produce a course of business which must be attended with very considerable expense to the East-India Company, as some goods arriving in the St. Katharine's Docks on board ships from India, placed under the management of the East-India Company, with no other object than to fill the warehouses hired at the East-India Docks, are removed from the St. Katharine's Docks by lighters down to the East-India Docks, and goods are also frequently removed in like manner from St. Katharine's Docks to the East-India wharf at Billingsgate, an establishment which I should think well worthy the consideration of the East-India Company to dispense with. As a practical man, I cannot discover the slightest advantage of that establishment, which is attended with a great and useless expense: the lighters or hoys, which are a part of the establishment, must also be attended with an enormous expense, as they are frequently sent in for a small parcel of goods; lighters equal to 150 or 100 tons, having a crew of from four to five persons on board; the latter is the number I have seen on board, but whether any of them were elders or persons sent to superintend the loading I cannot say.

2522. You have not made any calculation what your rates are upon the average per cent. upon the goods?—No, I have not; but I have investigated sufficiently the table of rates of the East-India Company, which is governed by an *ad valorem* charge, to say that the St. Katharine's Dock Company, as before stated, could generally afford to conduct the business at one-third less of most articles, if the merchants would send their goods, and place them under the management of the St. Katharine's Dock Company, and have a sufficient profit. Take the article of indigo, for instance, by way of comparison, it is subject to two and a quarter per cent. upon the value. Estimate a chest of indigo to be worth 75*l.*, that would bring the rate and lot money to about 32*s.* a chest; the St. Katharine's consolidated

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lidated rate would be 17s. 6d. a chest, to which add for management of public sale, (free of auction duty,) 2s. 6d. to 3s. 6d. a chest, would bring the expense to 21s. per chest, as compared with about 32s. per chest, in that case the difference would be one-third less, although on indigo greater than on goods generally, the article being of great value; on the other hand there are some goods, which, from their low value, the rates do not remunerate.

2523. In your opinion has the relaxation of the Navigation Laws, as respects the trade with India, had an injurious effect on British shipping?—I think it has been beneficial; but I was of opinion at the period of the alteration of the law, and which has since been confirmed, that its effect would be limited, as the trade from the ports of India to the continent of Europe is different in its character to anything like a general trade; a British ship, for instance, lying on for a general cargo in India would most probably fail in the object; unless the investment or the operation were connected with an original design of sending the ship out, or the loading consist of a whole cargo, the relaxation of the law permitting the ship to proceed to the ports of Europe would not be materially felt. I am decidedly of opinion that if some arrangement could be made with the French government, with respect to the principles of our Navigation Law, which they now enforce against us in regard to goods the produce of India, it would be very beneficial, and I view it in this way. at present the French government interdict the importation of all goods, the produce of Asia, direct from this country into France; they have had two objects in that regulation, the first was to encourage their own direct trade by which India goods coming through this country for the purpose of consumption in the ports of France (for they cannot dispense with various of the articles) are subject to the expense of a transit through Flanders, the expense of which operates in favour of their primary object, namely, to encourage a direct trade, for in proportion as those articles are surcharged and become more costly to the consumer, in the like proportion the India goods brought direct from India into France are the better able to compete with those from hence. The French trade with India is of a very limited character, and provided the discriminating duties which exist in India were abandoned, it is possible that something like an arrangement might be assented to by the French government abandoning the restriction as affects direct importation, and if that could be done I am satisfied we should derive great advantage from the arrangement.

2524. The principal trade is the export of wines, and the bringing back the indigoes particularly, and other goods?—Yes; the French purchase in the India market at a great disadvantage; in the article of indigo, for instance, there is only two or three qualities, which are chiefly suited to the French market, whilst they are compelled to buy an article which does not suit them to obtain that which does, thus surcharging the article they do require with the loss on that which they do not, they being obliged to send the latter goods to other places for sale. In the outfit in the French ports they have a difficulty in obtaining dead weight; whatever freight of that kind they carry out must be attended with great expense; all the iron, lead, &c. are brought from other places; the materials for ship-building are imported into France; their iron, their hemp, flax, pitch, tar, timber, &c., and

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I am convinced they cannot compete with us in the economy of ship-building, or advantages of navigation.

2525 Do you apprehend if there were not impediments thrown in the way by the French it would be of any advantage to allow British ships arriving direct from India to unload a part of the cargo in France, and the remainder in this country?—If the trade were susceptible of such an accommodation, I think that it would be desirable; but I have very strong doubts how far any merchant would put his goods on board a ship for an ulterior destination, which he knew was going to discharge a part at an intermediate port, when he possesses the advantage of sending his goods direct by another ship, relieved from all the inconveniences of double insurance and delay, it would be more advantageous for the party desiring goods in France to bring the ship to this country in the first instance, and tranship the proportion that was fit for the French market.

2526. Do you apprehend that most of the indigo and other Indian goods that are imported into France at present go through Flanders?—From this country, all; the prohibition is most strict; they go in small Netherlands vessels to Flanders, are discharged at the nearest point on the frontiers of France, and some portion, I have no doubt, is smuggled in; but the greatest portion is imported by ordinary and regular means.

2527. What proportion of French wines sent out to India go direct from France, in your opinion?—The communication between France and the Indian ports is very limited; I have never been able to understand that more than about ten or fifteen ships go from the ports of France in the course of a year to the British possessions in India; I should not suppose that the quantity of wine shipped is very large, I have understood that a predilection has existed for French wine which has been first deposited in this country, the names of the houses here being well known, and operate as a guarantee for the quality. I believe the trade carrying on between the French ports and India is a losing trade.

2528. Do you find any difficulty in obtaining labourers on the terms you have stated, that they shall not be under constant hire?—None whatever. The Dock Company have issued about 1,200 tickets to extra labourers, over and above the 250 preferable men; when it suits them they attend at the gates in the morning, and when they know there is a good deal of business in the Dock, the average number attending is from 800 to 900, when a selection is made of the best, by which our labour is as economically, and perhaps more economically conducted than that of any other similar establishment, although the arrangements in principle elsewhere may in degree be of the same nature as those of the St. Katharine's Dock Company; every attention is paid, and regulations enforced, for economical management.

2529. Can you state how much the expense will be increased in respect of labourers, if they were all in constant hire?—If they were all in constant hire, and all had constant employment, there would be no increase; but to establish a comparison it will be desirable to refer to the extent of business transacted by the East-India Company as warehousekeepers, as compared with the St. Katharine's Dock Company; I estimate the stock of bonded goods in the warehouses of the East-India Company at about 55,000 or 56,000 tons; the stock in the St. Katharine's
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Docks at about 52,000; if their landings and deliveries are equal to ours, an enormous diminution in expense in labour presents itself.

2530. Does the 56,000 tons include the teas?—Yes, the teas form about 22,000 tons.

2531. Are you aware what the East-India Company pay their labourers?—Yes, they pay them 2*s.* 9*d.* a day for six hours, and 3*d.* for every extra hour; 6*d.* per day extra if at work on indigo, and to the Blackwall labourers 4*d.* per day additional for shoe money, on account of distance.

2532. Does that include what is stopped for their fund for their support when they are pensioned?—I do not know.

2533. Do you allow your labourers medical attendance during their illness?—In case of accident only, not otherwise.

2534. Neither your permanent nor your other labourers?—If they are ill from other causes we make them no allowance; but when incapacitated by accident, from 2*s.* 6*d.* to 3*s.* 6*d.* a week, according to the extent of their families and merits.

2535. You do not consider the second class as permanent?—No, they are only entitled to a preference when the service renders it necessary to employ extra hands.

2536. Can you state what the whole amount of medical assistance comes to in a year?—The expense does not amount to more than 25*l.* a year; it is confined to the 150 labourers who are permanent.

2537. Do you not conceive that the management of teas requires a greater degree of care and skill than indigo requires; does not it strike you that that would require a greater number of labourers and more skill?—There is no doubt of that. I have adverted to the tea branch as a separate disburse; in a comparison, the expense on tea must not be included, but taken under a separate head.

2538. Have you landed any indigo?—Yes, 8,000 chests since last January, being about one-third of a year's importation.

2539. Do not the East-India Company house and manage indigo in the St. Katharine's Docks?—Yes, they do.

2540. Does it appear to you that the management of that portion of the indigo which comes under your inspection is made with a greater degree of extravagance than it ought to be done?—Certainly; attended with infinitely more expense than the St. Katharine's Dock Company. I will venture to say that the labour of the East-India Company might be saved one-third, which is gained by us in the mode of keeping our people at their work. The men of the East-India Company are constantly loitering away their time; our officers sometimes take the liberty of pointing this out to the elders, &c. of the East-India Company, but they say they have a difficulty in enforcing discipline. I have seen the East-India Company's labourers at times asleep in the corners of the floors; their superiors have been told of the circumstance, but there is a want of discipline inseparable from a system, which there is not in ours, arising, I conceive, from the evils of patronage and influence in appointments. When we work indigo we can do it at half the expense of the East-India Company; but I do not mean to say we do it better, although some of the buyers have been pleased to say we do.

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2541. Are you aware that no labourer has been appointed through patronage for the last four or five years?—No, I am not aware of that.

2542. Are you aware that at the Blackwall Docks and warehouses there are few or no permanent labourers?—At the Blackwall Docks, which is the only exception, they take on extra labourers in the same way as we do; they give tickets; to many of those men we frequently give employment; they are men selected by a gentleman of the name of Nuthall, and we find some of them very useful men.

2543. What is the reason the merchants prefer the management of indigo being in the hands of the East-India Company?—That arose from an established practice which led people to entertain a prejudice in favour of the East-India Company's sales; no attempt has been made to afford similar accommodation to the merchants till recently; and as the agency houses in London used to wish to be relieved as much as possible from all trouble and responsibility, they could not adopt a better course to be relieved from all trouble, than by placing the goods in the hands of the East-India Company for management, at a per-centage; whereas if the goods are sold by a broker, or by any other public company, it would require more trouble on their part than is now required, for they consider themselves absolved from all blame or responsibility by having placed their goods in the hands of the East-India Company; but by degrees parties begin to think that other periodical sales, conducted upon the same principles, would be also attended by buyers from the Continent, in the same manner as they have hitherto frequented the sales of the East-India Company; the charm has been chiefly maintained, from the periods at which the sales are fixed, which produce great competition; but I have no doubt that as the expense would be so much less in having them passed through the hands of the St. Katharine's Dock Company, if so sold by public auction, instead of through the East-India Company, that by degrees it would have the effect either of compelling the East-India Company to reduce their charge, or of the proprietors of goods placing them in the hands of others to sell.

2544. Have you made any calculation what your profit would be by charging two-thirds what the East-India Company charge?—I have, on some articles.

2545. Have you on cotton?—I am satisfied on East-India cotton we could do the business at less than the East-India Company. That trade is valuable to us in giving us our connection, and combining with the rates our warehouse rent, giving us the advantage sometimes of receiving rent, although the goods may be delivered or transferred the following week.

2546. You think you could do it at two-thirds on all goods?—Not on all, at the depressed prices at which some goods are now.

2547. Take the article of sugar?—Sugar is at a depressed price, and of saltpetre I should say the same.

2548. Do you think you could do them cheaper than the Company do at the present moment?—Saltpetre I think we could, and cotton also, and still have a profit. That the rates of the Dock Company are less is clear, from the sale of cotton diverting from the East-India Company; as I said before, very little cotton, or hardly any, is now sold at the East-India Company's sales, neither saltpetre nor sugar, and the same with drugs; the principal drug sales are now carried on chiefly at Garraway's Coffee-house. The East-India Company's charges are heavy, particularly

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ticularly on silk goods ; but there is great skill requisite in the management of East-India goods, but I apprehend such preparation and skill may be acquired by other parties. Alterations are also from time to time made by the Legislature with a view to facilitate the collection of the revenue. The duty on articles mixed of silk, hair or cotton, has been hitherto ascertained by the sale prices of the East-India Company, so that the goods have of necessity been deposited in the East-India Company's warehouses for sale. By the Act passed a few days ago, that restriction has been repealed ; the duty will be taken in future upon those goods the same as upon all other goods, by which the merchant will be at liberty to house his goods in any warehouses of special security the Commissioners of Customs may approve of.

2549. Does it not require more nicety in managing valuable goods than the inferior ?—Certainly.

2550. And the Company charge more on valuable goods than on others ?—Certainly ; and the St. Katharine's Dock Company regulate their rates in some instances, and to a certain extent also by the skill required in the separation, assortment and repacking and other operations, which always forms a component part of our rate. After taking the expense of labour, and next the cost of material, and adding a reasonable profit upon those items of outlay, we next take into consideration a further remuneration in consideration of the risk and skill.

2551. You state that the Liverpool merchants send their goods to London to be sold at the East-India Company's sales, do you know that to be the case ?—Yes, they have come up by land carriage ; in fact, I have known of indigo coming up in that way.

2552. Are you aware that some of the St. Katharine's Dock Directors write to their correspondents in India to desire that the ships may be consigned to the St. Katharine's Docks ?—Certainly.

2553. And this the East-India Company is supposed to have done in regard to the East-India Docks ?—The case is not quite parallel. When a ship has been compelled to go into the East-India Docks by the East-India Company, it has been where the ship has wanted dead weight, and they have given them a little saltpetre or sugar to stiffen, and have thus controlled the place of discharge, a most inconvenient one for the remainder of the cargo ; whereas in the other case, when the ship has been desired to go into the St. Katharine's Dock, it was where the parties were the chief consignees of the cargo, and desired to have their goods warehoused in a suitable and convenient place.

2554. Have the St. Katharine's Docks taken goods from the East-India Docks ?—Certainly : the merchant now requires his goods at the place most proximate to the seat of business ; and it has excited some surprise that goods from the St. Katharine's Docks have been lightered down to the East-India Docks, thus taking them down the River four miles, and away from the convenient means of inspection.

2555. Is not the East-India Dock as convenient for export ?—Certainly not ; there must be an additional expense of land carriage or lighterage of the goods coming from above bridge or the metropolis ; manufactured goods would be principally sent by land carriage.

2556. Has the St. Katharine's Docks sufficient water to allow ships to take their outward cargoes on board ?—Our water-room, as compared with other docks, is

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certainly contracted; but we have never been obliged to refuse a ship the convenience of loading out.

2557. Have you never been obliged to decline receiving vessels on the ground of want of water-room, and has not inconvenience been sustained in consequence?—We have never done so.

2558. It has been so reported?—Infant establishments are exposed to such friendly representations, they are not warranted by facts.

2559. Is there water sufficient to allow you to load out all the ships that could discharge in your dock?—Our water-room is more than sufficient for the accommodation of shipping, as compared with our warehouse room. We have accommodation in warehouses, &c. for about 115,000 tons of goods, and our water-room is fully sufficient, both for imports and exports; we have had a hundred ships in dock at the same time, some of them were very large ships; a short time back a ship of 869 tons register loaded out in the dock.

2560. Can you explain the reason why the East-India ships never load in your dock?—Some do; but they require a great deal of room for the purpose of loading, they like to have a quay berth, which we have not the means of giving to every ship. Captains of East-India ships prefer, if they cannot have a quay berth, to remove lower down the river; but wherever we have been able to give them a quay berth, in most instances that I remember, they have remained. The extent of our quay-room is about 5,600 superficial feet, which gives an opportunity of loading and discharging about 60 ships at once.

2561. Do not some of them lie bow on?—None of them bow on when busily loading; there are two portions of the export quays where the ships lie bow on, but they do not generally load in that position, but merely wait for their turns, but in the other parts of the dock we load them broadside to. I do not disguise that it would be an advantage to us to have more water-room, but we have not been obliged to refuse outward accommodation to any vessel that had entered with a cargo.

2562. In case of the China trade being thrown open and the tea trade confined to ports having bonded warehouses and docks, do you think the revenue on tea would be subject to any insecurity?—None whatever; I am satisfied that the St. Katharine's Dock Company could collect the revenue upon every article deposited in the Docks for the Crown, at a very great saving of expense.

2563. How would you collect the duty on tea?—We would collect the duty on tea in the same way as I would propose on every other article. Tea would be weighed on landing, the East-India Company now weigh when most convenient to them previous to sale; the chest would be emptied and tared, unless a fixed tare were agreed upon, we should then get at the net weight of the tea, and the quality being valued on which the duty would be payable, provided the duty were taken on the landing weight, which would be inserted in the books of the Dock Company. If it remained any length of time, I presume an allowance would be made of one or two per cent. per annum for natural wastage; at present, however, a liberal disposition prevails with the Government as relates to the mode of collecting of duties. The duty on tobacco, spirits, pepper, coffee, and sugar, is now taken on the quantity delivered from warehouse, formerly, except tobacco, it was taken on the quantity ascertained at the time of landing.

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2564. Would there be any difficulty, if the duty on tea is an *ad valorem* duty, in the St. Katharine's or any other Dock Company making the sales by auction, and collecting the duty *ad valorem*?—None whatever that I am aware of; we could adopt the same regulations as those of the East-India Company.

2565. What is your proposition, that you should sell the whole teas and pay the Government the duty, or that you should, as you state in the first instance, merely find out the weight they pay upon?—The teas would remain in deposit a limited time for the security of duty, if the proprietor of the tea would not permit the Dock Company to sell at once.

2566. Tea is of all qualities; every chest is looked at, and every chest has its value put upon it; it is sold according to the value; then how would you get at the duty, in reference to the value and the quality?—Unless we were permitted to sell, the Dock Company would not have the same correct means of ascertaining the value; but if the tea were deposited with the Dock Company, under the management of the East-India Company for sale, they would still have the same means of ascertaining the value as if the Dock Company had sold, and were responsible for the duty.

2567. Would the restriction of the tea being sold at particular places in the way you mention, be a serious restriction on trade?—I conceive not; I think it would be a relief to trade; for instead of placing that branch of it under the sole direction of one public company, the proprietor would not be under the necessity of placing his goods in the hands of the East-India Company alone, but would select such warehouse and management as would suit his views and interests best.

2568. Do you think the St. Katharine's Dock Company or any other would have any difficulty in finding warehousemen able to judge of the qualities of tea, and make the assortment as the warehousemen of the East-India Company do?—I should conceive that competent persons might be found for the performance of that operation as well as any other; we have had some difficulties to struggle with in that respect in our infant establishment during its earliest progress, but by industry and proper encouragement we have succeeded in obtaining persons of competent skill for every purpose hitherto required.

2569. If the tea is to be sold, every individual having his own tea, may not persons collude together to get it as cheap as possible, that the duties to the Government may be smaller; and in the second place, if the individual wishes his tea without its having been sold, should he be allowed to take it out of dock without its having been sold?—I apprehend the same rule would apply with respect to tea which applies to other goods placed under the management of the East-India Company, not *bond fide* sold by them, subject to an *ad valorem* duty; goods so put up, but not sold, the revenue officers might value for duty instead of the servants of the East-India Company, or the servants of the Dock Company, and ascertain the duty upon them the same as they now do upon other articles. The officers of the revenue would not leave this to the East-India Company or Dock Company to ascertain, but inspect to ascertain the value, and if they did not find that the sum at which the party proposed to pay the duty was the fair value, they would seize it, and give him the ten per cent. over and above his valuation.

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2570. You are aware that the Company cannot avoid selling?—But that is under a special arrangement with the Crown.

2571. If it were thought necessary that any tea should be delivered out for consumption without undergoing the sale, might it not be equally the rule in future, the tea trade being thrown open?—In that case the Dock Company would also have the power to sell, and thus establish a value by public auction, if the duty were to be continued to be ascertained as at present.

2572. Have you any doubt that if the tea trade were thrown open, the Dock warehouses presenting every facility and security thus far, an arrangement would be made on the most convenient plan for conducting it?—The public establishments such as I have the honour to be connected with, would immediately turn their attention to the construction of fit and proper warehouses, with proper light and convenience, in like manner as facilities have been given to the indigo trade. New branches of trade must be met by improved arrangements and accommodations.

Lunæ, 16^o die Julii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

Dr. BOWRING called in and examined.

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Dr. Bowring.

2573. Has your attention been lately called to the cultivation of silk?—I have been lately occupied in France as a Commercial Commissioner; and the production, the export and import both of raw and manufactured silks, have necessarily come very much under my observation.

2574. Does France, in your opinion, possess any peculiar qualities?—I think within the last 20 or 30 years a greater progress has been made in the improvement of the raw material in France than perhaps in any other country in the world. In fact, that improvement has gone on so rapidly, that the export of French silk has been successfully resisted by the manufacturers, on the ground of their possessing a monopoly of a quality superior to any produced elsewhere: they have generally improved the character of their silk; in several districts, the silk brought to market obtains from 20 to 30 sous more than the average value of the silks of Italy of the same fineness; and as evidence of the capabilities of still farther improvement, a small quantity is produced of such superior excellence, that it sells at from 100 to 120 per cent. above the value of the best Italian silk. That has been in consequence of the introduction of a new worm from China; and that silk which is now used for the manufacture of the finest blond, sells at as high a price as 100 francs per kilogramme.

2575. A common Italian silk selling at what?—A common Italian silk selling at, I should think, 18s. a pound.

2576. When was this improvement introduced, and from whence?—This particular worm, which has caused a good deal of interest, is called in French the
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Sena or Nanquin worm. Its production has not been very much extended ; but the production of the second quality of silk, which is exceedingly beautiful and superior to anything produced elsewhere, has been extended so much, that one district (the Cevennes,) produces 400,000 pounds per annum.

2577. Is it white or yellow silk?—Both white and yellow. But the most costly and beautiful is white silk.

2578. In what does the superior quality of the silks consist?—In the fineness and regularity of the thread, the clearness of the colour, and the tenacity and elasticity with reference to its size.

2579. What is their value as compared with other raw silks?—I should think the value of Cevennes silk may be taken on an average at from 5 to 10 per cent. above the best Italian silk of the same quantity of deniers.

2580. What is the species of mulberry usually cultivated in France?—Of late the *Morus Alba*, or white mulberry, has taken possession of the field. There have been a very great many discussions in France as to the different qualities of mulberry-trees, but I observed lately, in passing through the silk district, that the white mulberry-tree had clearly the pre-eminence over all the others.

2581. What is the silk district in France?—The two sides of the Rhone ; from Lyons to the south is the principal district. There are 13 departments of France that produce silk.

2582. What is the northernmost?—I doubt very much whether it is produced much to the north of Lyons ; probably a small quantity only.

2583. What is the cause of preference to the white mulberry?—Its growth is more rapid, its produce in the same number of years is more abundant ; the texture of its leaves is more delicate, and it suffers cold with less prejudice.

2584. What is the mode of cultivation ; what is the state of the tree?—They are all called standard trees.

2585. What is the height of the stem generally?—The average height of the stem, I should think, is three to five feet. One particular motive, in a country like France, for the cultivation of the white mulberry is, that it produces leaves as early as April and May.

2586. Is not the black mulberry cultivated at all?—The black mulberry is also cultivated : its growth is more tardy, its leaves are stronger and larger, it lives longer, and it is less affected by change ; it is the common mulberry which is seen in England, and a fruit-producing tree.

2587. Do they cut the trees annually?—No, the leaves are gathered from the stems.

2588. Is it pruned so as to shoot out young wood?—Pruning is very necessary. There is a very curious fact respecting the mulberry-tree : it is known that it is the only tree that the common silkworm will feed on, though there are some herbaceous plants which that animal will eat ; but there are, I think, seven or eight species of the *morus*. And it would seem, from all the facts I have been able to gather, that one species or other will flourish in almost any soil, so that if other circumstances are friendly to the silkworm, its food may be obtained in a great variety of places, there being few countries, whatever be their climate, in which some mulberry-tree or other will not grow.

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2589. Have attempts been made in France to introduce any other species?—Yes, there have; but not on a large scale. There is a belief, but I do not think the experiment has been fairly tried, that the Tartar mulberry-tree would be very likely to be useful; all that is known of it is, that it is an indigenous tree in Tartary, where silkworms feed on it, and whence a few specimens have found their way to different botanical gardens.

2590. Are there any here?—I am not sure whether there are, here; but persons who speak of it say, that it is a leaf that is devoured by the worms with very great avidity. And the *morus* indeed has also been an object of some attention of late, that is a Chinese dwarf mulberry-tree, which I believe seldom grows above the height of between six and seven feet; that is the tree which I understand is most widely spread in China, or, at all events, the tree which gives food to their superior worms. There is a growing opinion, and Dandolo, who is perhaps the first authority on the subject, concurs in the opinion, that something better might be done than has hitherto been effected, by introducing at different periods of the age of the worm the produce of the different species of trees: for example, that the white mulberry-tree, which is earliest and tenderest, would best suit the worm in its early stages of existence; as it grows stronger and larger, the black mulberry, which is of coarser and firmer texture, might be advantageously used. It is indeed to be wondered at that so few experiments have been made with reference to the cultivation of the silkworm on a great scale, and by intelligent persons. In Europe, as in India, it is almost wholly in the hands of the peasantry, and it is only of late that any considerable attention has been paid to the subject.

2591. What do you consider to be the best period of growth of the mulberry?—The white mulberry leaves are plucked when the tree is five years old, though it will afford leaves fit for use when it is past four, and then it will go on I should think improving perhaps for 10 years longer.

2592. Is the tree improved by grafting?—The contrary would seem established by observation. Grafting is generally employed, but some curious results have been mentioned as to the effect of the leaves of the grafted tree on the growth of the worm, and on the production of the silk. I have copied these results from some documents I hold. In an experiment made on grafted trees, it required 20 pounds and three quarters of mulberry leaves to produce 25 ounces of silk. White leaves grown of seedling trees, 15 pounds produced the same quantity. So that there appears to be a difference of 25 per cent. in the result in favour of the ungrafted tree.

2593. What is the authority?—Dandolo, who is the best authority. He also states he made other experiments, and that of 7 pounds and 13 ounces of cocoons of the grafted tree he only obtained 12 ounces of silk, while from precisely the same quantity from the indigenous tree he obtained 14 ounces. They are facts very well worth being examined on a large scale. Pitarro, who has also treated upon the question, if I do not misrecollect, says, that there is another consequence of grafting; that the grafted shoot will not live longer than the parent tree. That is a fact respecting which there may be some doubt. The power of production by grafting is so much more rapid, that it is clear that men would employ it solely with reference to economy.

2594. How

2594. How are the trees cultivated in France?—The cultivation of the mulberry-tree now is become a primary consideration on the part of land proprietors, which has only been the case of late years. Almost the whole of the production of the silkworm was till lately in the hands of inferior peasantry, who had no capital; but within the last 15 years especially, much capital has been employed in the production of the mulberry-tree; the landowners have found it very well worth their while to cultivate the mulberry-tree on a large scale, and to sell the leaves to the peasants who devote their attention to the rearing of the worm. The price, from the demand for leaves this year, was very considerably increased. I was at Nismes about six weeks ago, which is one of the central points, and I found the value of the leaf increased as much as 20 per cent. this year, four francs and four francs and a half per cwt. having been paid, while three francs was last year's average.

2595. So that it is found to be a profitable investment?—No doubt; it gives from 15 to 25 per cent., and I have observed that almost every class of persons have prospered who has been attending to this branch of agricultural industry, whether the nurseryman who has produced the seedling trees, and who sells them for transplantation to the farmer, or the farmer who has been cultivating the mulberry to sell the leaves to the peasant, or the farmer who has cultivated the leaves to rear the silkworms himself.

2596. How many crops are gathered in a year?—Only one in France.

2597. Is any particular care required in gathering the leaves or giving them to the worm?—Yes, in that respect too there has been a great improvement: it has been discovered that damp, so far from being beneficial is pernicious; and now whenever the leaves are more than merely damp, in fact, when there is any water on them, either from dew or rain, they are either subjected to a current of air, or to an elevated temperature. They do not now give humid leaves to the worm, inasmuch as they find it injures the worm and deteriorates the quality of the silk.

2598. Do they keep the leaf any time before they give it to the worm?—No, the leaf should be fresh, but it should be exposed to a current of air; the best way is to throw them in a blanket and to allow the fresh air to pass among them.

2599. Is there any difference in the situation in which the tree grows that influences the quality of the leaf, a high or a low situation?—A rich soil is not very friendly to the mulberry-trees, but they do very well either in sandy or gravelly soil; but I suspect, as I mentioned before, that there are very few soils in which some or other class of mulberry-tree might not be found to flourish probably by a different mode of culture.

2600. Has the dry or damp situation of the soil on which the tree grows, any influence on the nutritious quality of it?—A damp soil is unfriendly to the white mulberry.

2601. Is it generally considered that the bad effects of a damp soil may be remedied by artificial means?—I should think they might. What is occurring in France at this moment, namely, the investment of capital in the production of the mulberry-tree, and in what is called the education of the silkworm, will lead to experiments of a more extensive, judicious and scientific character than have hitherto been made. It appears to me extraordinary, that at this moment the cul-

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tivation of silk should have had so small a portion of that attention which has been directed to the growth of cotton or wool.

2602. To what do you attribute the superior production of the mountainous parts of France, as compared with the plains?—On the whole, I should think a mountainous soil would be more favourable to the production of the mulberry-tree; most of the countries in which it is indigenous have a good deal of mountain in them, and it would seem to have a preference for the higher lands.

2603. Have you attended at all to the general history of the silkworm?—I have read everything I have been able to get at with reference to it; and, as I said before, I think that there is no raw material, the history of which requires more to be studied, and for which less has been done till of very late years. In Europe there are only two very distinct classes of worms.

2604. Are there any species unknown which you think deserving of particular inquiries?—Yes, the Chinese manufacture a very considerable quantity of silk from a worm that is said to feed on a species of oak, and that does not form cocoons, but throws out its thread from the branches of the trees.

2605. From what authority is that?—It is mentioned by several authors, who state the animal is of the *Bombyx* genus, and that the Chinese collect a considerable quantity of these threads; that they are stout and strong. Cuvier also speaks of it; he has also given an account of the Madagascar silkworm, which he calls the *Bombyx Persola*, and he says that its cocoons are three feet high. I have not heard of any attempts to introduce this species, which is indigenous in some tropical climates. I should think it well worth inquiry.

2606. What do you find stated there about it?—Cuvier states the fact of its existence, and he gives a short account of it.

2607. What is it he gives an account of?—Of this large *Bombyx*.

2608. In what work?—In his '*Regne Animal*,' I take for granted.

2609. What is the species of worm produced in France?—The one that is principally produced is one known by shedding its coat four times; there are two principal classes.

2610. What is the name of that one?—The *Bombyx Mori*. I was stating that there are two principal classes; the worm that sheds its coat four times, and the worm that casts its coat thrice.

2611. Those are the two species produced in France?—Those are the two species. Dandolo, I should state, is so strongly convinced of the superiority of that which is not the common worm, that he takes as a motto to his own book, "If I had anything to do with the reeling or the winding of silk, I would produce nothing but the worms which change their coat thrice, and those of the white cocoon." They are very common in Lombardy; these are the worms that he considers superior.

2612. Is that the *Sina*?—No, that is another species; the *Sina* is a four-coat changing worm. The three-coat changing worms are considerably smaller.

2613. Which are?—Those that change most seldom. Their existence is four days less, so that there is a diminution of four days' risk; which, considering the many diseases to which they are exposed in these climates, is an important consideration; it is a difference of 12 per cent.

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2614. Are those the original worms?—No, they are not; the four-coated worms are the original worms of European growth.

2615. Is the race considered susceptible of improvement?—There is no doubt at all, if the race of silkworms were treated as the race of horses is, that it would be susceptible of very great improvement. I think all the facts which have been gathered together in the course of the last 30 or 40 years, for till then the subject was surrounded by the darkness of ignorance, are evidence that much may be done.

2616. What species do you think would be best?—I hardly feel competent to give an opinion; the opinions of writers and cultivators are so much more valuable than that of a mere looker on. I should think the Cevennes cultivation, is, on the whole, the most advanced; it has to my knowledge given the largest returns for capital, and has produced a far more beautiful silk.

2617. Does it not require different sorts of silk for the various manufactures, the same as cotton?—Clearly.

2618. So that you must have the various worms?—Certainly: but of course he who produces the worm which is the least expense, and that gives the greatest quantity of the most beautiful silk, must be the most successful adventurer.

2619. What is the temperature applied to the eggs for the production of the worm?—The French generally apply an increasing temperature during 10 days.

2620. Is that for hatching?—That is for hatching; they begin at 14 degrees of Reaumur, and they add every day a degree till they reach the temperature of 22.

2621. Is that by steam heat?—It does not matter what sort of heat; sometimes steam, sometimes oven heat.

2622. What month do they begin to hatch?—They begin to hatch at the end of April or the beginning of May; something of course there depends on climate too. When it reaches 22, it is left at that temperature, and generally on the third day of the application of the temperature of 22 the worm appears.

2623. How often are they fed in the day?—They are fed by the best managers four times a day.

2624. What will be the average produce of an ounce of eggs?—An ounce of eggs I should think would produce on an average from 35,000 to 40,000 worms; I have taken here, however, (and that may be interesting as points of comparison,) the produce of eggs of different classes. Dandolo says that an ounce of eggs of the largest size, of the four-coated worm, would produce 37,440 worms, and that if they had all lived, they would give 373 pounds of cocoons; if the eggs were not sorted, and were of the common size, he says an ounce of eggs will give 39,168 worms, and these would give 162 pounds of cocoons: of the three-coated worm, he says an ounce of eggs will give 42,200 worms, and will produce 105 pounds of cocoons. I ought to mention, with reference to all these weights, that they are Lombardy weights, and it is very easy to compare them.

2625. How long does the worm live after hatching?—From 35 to 37 days; the three-coated worm lives four days less.

2626. Depending on temperature?—Somewhat depending on temperature.

2627. Can you state, at the different periods of its age, what is the weight of leaves per day that any given number of worms devour?—Yes.

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2628. Of course much larger as it grows?—Yes, and the increase is extraordinary; for the worm in the course of its existence is increased about 30,000 times its own original weight.

2629. What, you mean, from the egg probably?—From the egg, yes. The works that describe the education, as it is called, of the silkworm, give the history of every day's consumption in great detail; they also give the state of the barometer, the thermometer, and the hydrometer, and every thing connected with the daily changes.

2630. During the few first days, what is the quantity of leaves an ounce of eggs would consume?—The better way would be to take five ounces of eggs. Now here is a table which states, that before they shed their first skin, they consume 30 pounds of mulberry-leaves; their second, 83; their third, 324; their fourth, 939; and their fifth, 5,730.

2631. Is there the interval of days between?—Yes, the interval of days is stated here.

2632. Well then, up to the time of shedding the first skin, what is the number of days?—The number of days is six.

2633. The second is what?—Is six.

2634. The third?—The third seven.

2635. And the fourth?—The fourth seven, and the last is seven to ten; there will be a difference of a few days.

2636. Then the 5,730 is up to the time of their mounting?—Up to the time of their mounting the branches to spin their cocoons.

2637. Now what quantity of leaves will they consume?—I have taken from several authorities the return of consumption. Bonafons states, that an ounce of eggs in France, producing about 38,000 worms, would consume 1,600 pounds of leaves, to which must be added 300 pounds for waste, moisture and stems, and so forth, so that he gives 1,900 pounds net as the consumption; that is the whole gross consumption.

2638. From first to last?—Yes. Dandolo gives 7,100 for five ounces of eggs. Now there is also a return from Naples, in which they say that an ounce of eggs will consume 1,000 pounds of leaves, and give 86 pounds of cocoons. There are a great many experiments made as to the power of increasing the production of silk by extra feeding; and there is a case also given by Dandolo, in which he says that he obtained from 110 to 120 pounds of cocoons from 1,650 pounds of leaves; and that where only 1,050 pounds of leaves had been consumed by the same number of worms he only obtained from 55 to 60 pounds.

2639. What quantity of silk will those cocoons produce?—Pitarro says, that in North Italy ten pounds of cocoons would give him one pound of silk.

2640. One-tenth?—Yes; then in South Italy fourteen pounds of cocoons would give fourteen and a half ounces of silk; and he estimates, that in France generally it would require eighteen pounds of cocoons to give one pound of silk. I think, however, that this is less than the fair estimate, from the facts I have been able to gather, and that they would on an average get a pound of silk from twelve pounds of cocoons. A great deal of course, however, depends on the care of the reeling and of the quantity of waste that is sacrificed.

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2641. Is there any considerable difference in all these particulars which you have now been giving, between France and Italy?—There is a good deal of difference; it is much more easy to get facts from Italy than it is from France; for the two great authorities are Italian writers, and the French have almost wholly received their instruction from Italy on the cultivation of the silkworm.

2642. Is the species of worm the same?—Yes; that is, in both France and Italy there are those two classes, the three and the four-coated; the four-coated being the ordinary one. Here are Dandolo's returns, which may be compared with Pitarro's: he says, in North Italy twenty-four pounds of leaves give one pound of cocoons. Now Pitarro in North Italy obtained a pound of cocoons from twelve pounds of leaves; Dandolo, in South Italy, had obtained a pound from ten pounds of leaves. Pitarro says that he had obtained from seventeen to eighteen ounces from fifteen pounds of leaves. All these facts show that the results are extremely different, and how much remains to be done notwithstanding the attention that has been paid to it.

2643. Has any improvement been introduced in the management of the worm?—Yes, very considerable. Nothing can have been more barbarous than the management of the silkworm a few years ago; a great number constantly died; they ascertained some of the great causes of disease among the worms, that damp, for example, is very pernicious.

2644. And confined air?—That noisome smells of all sorts; that the neighbourhood, for instance, of dunghills; that the worm, in fact, has organs of considerable sensibility; that the introduction of dust in the neighbourhood of roads is very pernicious. The consequence has been, that chemical science has removed a great many of the impediments to their improvement, and a great deal is done now by the peasants to circulate free air and to remove the infected air.

2645. How is the temperature regulated?—I also would mention, that chlorides are used to disinfect the atmosphere, since they have become cheap.

2646. Do you mean that the worm can feed with the presence of chloride of lime in the room?—Yes; that the chloride of lime will of course drive out a more pernicious presence than its own; and the chloride of lime is very frequently now used in the houses where the silkworms are being educated.

2647. Is that the only medicant that is used during disease?—Every species of disinfection. By the way, the smoking of tobacco is very unfavourable, but fumigation is generally very friendly.

2648. Do they bear the burning of sulphur?—No, hardly. When the worm is first born it is found that the temperature which best suits them is 19 degrees of Reaumur, and that this temperature should gradually diminish, and 15 is considered the most healthy temperature for the worm when it proceeds to spin its cocoon.

2649. How is it regulated?—It is regulated of course by thermometers. The peasantry have the power of regulating it by stoves, or by ventilation; it is not a very considerable variation from 15 to 19.

2650. Is it material whether they are kept in-doors or out-doors?—In-doors, certainly. I should mention that one of the great improvements is the introduction of light, for formerly the rooms were exceedingly dark.

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2651. Does that contribute to health?—Very much indeed to health and enjoyment and activity, and that is of some importance; when the moth appears the rooms should be darkened, inasmuch as the moth is a night insect.

2652. May there be too much light; a greenhouse for instance, or a hothouse?—It is not usual to introduce an excess. The silkworm enjoys the light, but the moth dislikes it very much, and suffers from it; in fact, as I said before, the moth is a night insect, so that care should be taken, while light is not excluded from the worm, that it is not admitted to the moth when it is past the chrysalis state.

2653. What is the temperature applied to the eggs of the worm?—It should be from 16 to 18 degrees.

2654. Of Reaumur?—Yes.

2655. What is that corresponding to, do you know?—I have not the grade here

2656. How are the cocoons selected for the future breed of worms?—Those that are the most perfect in form, with the finest quality of silk, and of the middle size. One of the tests of the excellence of the chrysalis is the hardness of the ends. Those cocoons are laid out separately, and the estimate is that 14 ounces of cocoons will give an ounce of eggs.

2657. What is the amount of silk produced in France?—The amount of silk, according to the best estimate, is about 3,000,000 English pounds.

2658. What is the average selling price of that?—The average selling price I think we have estimated at about 17 s. or 18 s. per lb.

2659. What is the amount of silk imported?—It is about 1,000,000 lbs. France produces about three-fourths of her consumption, and supplies herself with about one-fourth from other countries.

2660. Does the raw silk of India find its way to their markets?—From the experiments that have been made, the raw silk of India certainly has not succeeded in France. I heard an opinion expressed on the part of the throwsters, that being unused to that particular quality of silk, their labourers have not succeeded in throwing it, and the experiment has scarcely been repeated. I should say, however, that at Lyons there is great anxiety on the subject, and I promised the Chamber of Commerce I would take an early occasion of having communication with the East-India Company on the subject of the East-India silk. They are exceedingly desirous, inasmuch as some great changes in their legislation with respect to silk are now in progress; they are exceedingly desirous of knowing something more of the production of India, and of the way in which the production of India is likely to bear on their manufacture.

2661. But you have not at present any particular reason for supposing that India silk will come into demand?—I think it very likely it will come into demand in France, but I also think that knowledge is wanting in France; that the failure of experiments made has rather deterred adventurers from coming into this market; there was one very large importation took place into Lyons of oriental silk, and it left great loss. Now, the reason why the French silk merchants know so little of our markets is, that the export of raw and thrown French silk is prohibited; the consequence is, that there is much less knowledge of the state of the markets here than would be supposed. When the exportation of French silk shall be recognized
by

by law, the promise having been obtained by our commission that the French government will consent to its export, there is no doubt at all that considerable trade will take place between France and England in oriental silk; that is, the French dealers in silk would buy in this market, and I am persuaded would find very frequent occasion. They consider that the English silk manufacturer has a tremendous advantage over them, in consequence of the very large market which they have for the purchase of oriental silk.

2662. Has there been any direct importation into France from India or China?—It has been very small; I have copied it from their official returns. They imported from British India, in 1826, 1,227 kilogrammes; in 1827, 23 kilogrammes; in 1828, nothing; in 1829, 2,811 kilogrammes; in 1830, none; in 1831, 435 kilogrammes. From China they imported nothing in 1826; they imported 2,119 kilogrammes in 1829, 140 kilogrammes in 1828, 8,234 kilogrammes in 1829, and 6,146 kilogrammes in 1831.

2663. That is India, is it?—The last is China.

2664. What, is the import of foreign silk into France subject to a heavy duty?—Yes, it is subject to a duty; the raw silk pays 1 franc and 20 centimes duty per kilogramme, and thrown silk 2 francs and 40 centimes, and there is a decimo to be added.

2665. On all foreign silk indiscriminately?—Yes.

2666. Can you explain the cause of the fluctuations in the returns which you have just now stated?—Almost all; and I take it that the very unimportant character of French importation depends on their prohibitory system; it is quite impossible that a country can have a large foreign trade that is in the situation in which France is.

2667. Do you consider these importations, then, to have been merely experimental?—Yes; these I take to be merely experimental, for no fact can be gathered out of them, no increase or decrease; it is not characteristic of any influence on the market.

2668. Is there any difference in the quantity of raw silk on the silk manufacture of France, in consequence of the duty to which foreign silk is subject?—None at all; the French manufacturer has the choice of all the silk that comes to England from Italy, as it passes through France; it is deposited in bonding warehouses at Lyons; it is only of late years that they altered their transit system.

2669. Practically, is that a matter of advantage?—Not of the advantage supposed, because inasmuch as their legislation prevents a merchant who has bought silk and taken it out of the bonding warehouse from exporting it, he has great hesitation in doing so; independently of which, there is a system of buying and selling, which I had the honour of explaining to the Silk Committee, which is of very great importance. The silk when bought in France is generally subjected to a sort of public test to ascertain its humidity; silk invariably imbibes a certain humidity, and in France, before silks are received by the buyer they are sent to a public establishment, where they are submitted to a certain temperature for 24 hours; if their loss is more than from $2\frac{1}{2}$ to 3 per cent. they are still continued in that temperature, so that these experiments are made on the whole mass of silk, in order that no fraudulent humidity may be introduced, and there is a reduction in proportion

tion to the loss. They are sold on the certificate of this establishment, which is called the *condition* that the weight is so and so.

2670. And it is all registered, is it not?—All that passes through the condition. Now the disadvantage of the French silk merchant is this; he can only sell subject to examination of the condition, and of course he will only buy subject to examination of the condition. Now if he takes it out of bond, or sends it to the examination of the condition to have its humidity ascertained, whether it is the natural humidity or a fraudulent and artificial humidity, he has not the power of divesting himself of this silk for exportation, exportation being prohibited; so though he gets a certain advantage out of the monopoly he possesses of French silk, he has also considerable disadvantage from the circumstance of his hands being tied if he should be an adventurer in foreign silk; for if after all it do not suit the French silk market, and he is not able to get a sale for it, export it he cannot.

2671. How is silk generally reeled in France?—It is generally reeled by the peasants, and the reeling is certainly in a backward state. I think that the removal of the prohibition on the export of silk will bring a capital into that particular department; and in fact I know that there is disposition to invest money in it, and that this circumstance will lead to great improvement. The reeling is so backward that the Chamber of Commerce not long ago applied to the government for the introduction of penal legislation to force the reelers to reel in a particular way, for they had no sort of security; however, the government had intelligence enough to say they must take care of their own concerns.

2672. Is it supposed that they will allow the export free of export duty?—Not wholly free, but with a small duty.

2673. Then at present much capital, you suppose, is not invested in the reeling?—No, not much. I should mention, that it appears to me there are two steps of silk production in which capital may be very advantageously invested, and that it is of all the productions that in which the poor peasant's interest may be best associated with the interest of the capitalist. It is clear the capitalist can very advantageously employ his money in the production of the mulberry-tree, as it requires an outlay of capital which a poor peasant does not possess, so that the capitalist may very advantageously employ himself. The harvest of the peasant comes on, in six weeks his business is done; it is the most rapid of productions, so that of course very little capital is required for the mere purchase of the leaf, for which he might get an immediate return at the end of six weeks, when his business is over; and therefore it seems to me that even in that particular point again the capitalist would come with great advantage into the market as the gatherer of cocoons, because in reeling too, capital may safely and advantageously be invested.

2674. Are there not capitalists who do reel?—Yes, there are some, and their number is increasing constantly in France, and of course the natural tendency of a division of labour is to set all these matters straight. Of late the capitalist has seen to how much benefit he can invest his capital in the mulberry-tree, and which is now done to a great extent.

2675. By what period is the growth of the cocoons generally complete in France?—In from six to seven weeks the cocoons are produced.

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2676. Is that by the middle of July, or earlier?—Earlier; the end of June.

2677. What is the temperature to which the cocoons are exposed in order to kill the chrysalis?—The silk is not much bettered by a high temperature, and I do not imagine that any higher heat is required than that which suffices to kill the grub.

2678. Is there any duty on mulberry-trees in France, as there is in Italy?—No; gentlemen know what an enormous proportion of the whole revenue of France is raised from the land-tax, and of course the mulberry-trees are rated in that way.

2679. Is there not a very large increased investment of capital in the production of mulberry-trees and silk in Europe within the last few years?—Certainly; and the very remarkable decrease in the value of silk is the best evidence of it.

2680. And may not, from the increasing capital, a further diminution in price take place?—Infallibly; the profits in the production of silk are very much above the average profits at this moment. I ought to have said, when speaking of the destruction of the chrysalis, that it is sometimes destroyed by dry heat and sometimes by hot vapour, and the combustible employed is generally vegetable charcoal.

2681. Is all the machinery given there? [*pointing to a Book.*—All the machinery is given here; the whole of the progress is here developed. This is Pitarro's work.

2682. Will you state who are the best writers on the cultivation of the mulberry-tree and the treatment of the silkworm?—Among the Italians, Dandolo, Pitarro and Fontana; and among the French, Bonafons and Castellar. Bonafons' is a very nice little book, and there are a great number of others. Chaptal is a high authority, I observe, and he is president of the Society for the Encouragement of National Industry in France; and De Chaptal is also a very well known man of science; he gave Bonafons a certificate that his book is decidedly the best French book on the cultivation of the silkworm. It perhaps might not be amiss to add to those details as to the consumption of leaves, those which Bonafons gives; they may as well, perhaps, be received with the others.

2683. Are there any details of the progress of the silkworm in France?—There are; here is a Table of them.

[*The same was read, as follows:*]

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TABLE of the Progress of the WORMS hatched from an Ounce of Eggs, from Birth to the time of Spinning.

A G E S		Space occupied by the Worms on the Trellices.	Temperature, Reaumur's Scale.	Quantity of Leaves consumed in each Day.	Total Quantity of Leaves consumed in each Age.
		<i>Feet. inches</i>	<i>Degrees.</i>	<i>lbs. oz.</i>	<i>lbs. oz.</i>
1st Age -	1st day -	9 6	19	0 14	7 0
	2d -			1 6	
	3d -			3 0	
	4th -			1 6	
	5th -			0 6	
2d Age -	1st day -	19 0	18 to 19	4 8	21 0
	2d -			6 12	
	3d -			7 8	
	4th -			2 4	
3d Age -	1st day -	46 0	17 to 18	6 12	69 12
	2d -			21 8	
	3d -			22 8	
	4th -			12 8	
	5th -			6 8	
	6th -			- - -	
4th Age -	1st day -	109 0	16 to 17	23 4	210 0
	2d -			39 0	
	3d -			52 8	
	4th -			59 4	
	5th -			29 4	
	6th -			6 12	
	7th -			- - -	
5th Age -	1st day -	239 0	16 to 16 $\frac{1}{2}$	42 0	1,281 0
	2d -			65 10	
	3d -			93 0	
	4th -			130 4	
	5th -			185 8	
	6th -			223 0	
	7th -			214 8	
	8th -			150 0	
	9th -			120 14	
	10th -			56 4	

There is one rather interesting thing in the progress of their existence; that progress is exceedingly capricious; it does not go on regularly from day to day: for instance, in the third day of their birth they consume three pounds; in the fourth they consume only one pound six ounces; and in the fifth day, when the disease begins under which they shift their skins, they only consume six ounces, which is less than they consumed the first day of their existence. So again, in the first day of their second age, having consumed only six ounces the day before, the following day

day they consume four pounds eight ounces. Then again, there is more strength at the second age; then on the fourth day of the second age they only consume two pounds and four ounces, having consumed seven pounds eight ounces the day before; immediately they get relieved, from two pounds they go on to six pounds. Well, then the perilous period is the third and fourth coat changing, and on those days, though on the first case they had got to the consumption on the fourth day of the third age to 22 pounds, and go on diminishing, on the sixth day, on which they change their coat, they eat nothing, that is the day on which no food at all is consumed; then they take 23 pounds, the day before not having consumed anything; and they go on increasing up to 59 pounds, and then they begin to be uncomfortable; and in the fourth age the very large worm remains a day without food, the next day consumes 42 pounds. The whole existence of the worm is very curious; their voracity one day, their fastings the next; their rapid growth, and their extraordinary lateral respiration.

2684. I believe you have turned your attention to the operation of our reciprocity treaty with France, upon the trade of this country and of France with India?—I have; the reciprocity treaty undoubtedly was intended to be a reciprocity of benefits, but all that it has done is to produce a reciprocity of injuries, as far as respects the relations between France and England. The consequence of the treaty upon the relations of France with England was to prevent the French buying in our markets any extra European products, and their notion was that they could force the French importers to go to a remote market, and that in this way they should give a great impulse to their navigation; that instead of coming here to buy the indigo or silk, or any other articles, that they would go to the East. Their project has failed certainly, and the result has been this, that they had to pay two freights for a very great portion of extra European articles; for though they cannot import oriental produce from England, they can import it from Ostend, or they can import it from Nice. The consequence is, that that which they purchase in the English market is shipped to Ostend or to Nice, and the obvious result is, that the importer pays double freight and double charges. I have given here one or two facts to Mr. Villiers, showing what its real operation had been upon their shipping.

2685. You had better state what the conditions are which bring about those results, what particular clauses there are in the treaty which bring about those results?—You know the English legislation, which was by that treaty made reciprocal in France.

2686. What is the date of that treaty?—In 1826. The treaty authorised, on the ground of reciprocity, the French government to apply in their case to England, the legislation which England applied to them. Now, it is known, that no extra European produce can be introduced into this country, except in ships direct from the extra European country; that you cannot, for instance, buy in the markets of France cotton or indigo, or any article that is not European. Well, that which England had done respecting not only France but all other nations, France did as respected England under the reciprocity treaty of 1826; and that, in fact, is the cause of a very singular appearance in our official statements of exports and imports to France. The imports into France allowed, under the treaty of 1826, cannot comprise now any colonial produce; that colonial produce goes to the Netherlands

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or elsewhere, and is then imported into France, because with that country France has not entered into such an absurd system of reciprocity. However, as I stated, the intention of the Government was to create a direct foreign trade, and the results are these: it will be seen to what extent that object has been accomplished: the arrival of French ships from the East-Indies and China was, in 1825, 21 ships, which consisted of 7,289 tons; in 1826, there were 22 ships, consisting of 6,546 tons; in 1829, the arrivals were 29 ships, consisting of 8,425 tons; and in 1830, 26 ships, consisting of 7,937 tons; so that as far as respects arrivals they have now only four ships more.

2687. Is the tonnage more?—The tonnage is somewhat more, it is an increase of 700 tons; but for that they pay double freight on every colonial article which they purchase from England; it is clear the loss to them is very great, the result of loss. The departures of French ships, it will be seen, are, in 1825, 20 ships departing, consisting of 6,050 tons; in 1826, 22 ships, consisting of 7,279 tons; in 1829, the departures were 33 ships, consisting of 10,366 tons; in 1830, there were only 14 ships, consisting of 4,844 tons; so that within the last year a much smaller number of ships departed than in 1825.

2688. 1825 being the year preceding the treaty?—Yes; I have the returns down to the middle of 1831, which were the latest returns I could obtain, and I found the number of ships departing were seven.

2689. The principal exports are wine?—Yes; the principal exports are wine, so that the result is really nil, as respects benefit.

2690. Have you ever attended at all to the operation of the treaty on the indigo trade?—Yes; the indigo trade is that portion of the trade in which there has been a direct import from Calcutta into France. I believe that the consumption of France fluctuates from 5,000 to 6,000 chests per annum, of which France has been in the habit, I think, of importing about 4,000 direct; the quantity of capital in France is notoriously not very great, particularly the quantity of capital invested in remote commercial adventures, and it has constantly happened that the importers of indigo have been afraid of importing to the full amount of the average French demand; they therefore generally imported about 4,000 chests, and they purchased in the English market about 1,500; on those 1,500 chests they have invariably paid the double freight and the double charges. I should state that is a commercial return, and not an official one, for we are not yet occupied with the question of those relations between France and England which concern other countries, which is a department of inquiry to which we shall come by and by.

2691. Previously to the conclusion of that treaty the French were in the habit of coming here for the whole of their indigo?—I should think for the greater portion.

2692. Do you know what amount of indigo they purchase in this market now?—I believe from 1,200 to 1,500 chests per annum. The effect of the treaty has this other embarrassing consequence, that you cannot now get at the absolute amount of imports from England into France; they are made now through second countries.

2693. They used to buy their indigo and send their wine here to be exported in ships to India?—Yes.

2694. But

2694. But it will be found that the imports direct from India for France have been diminishing within the last few years?—Yes, that is very likely; the state of distress is so exceedingly great under the operation of their prohibitory system, that there is no part or portion of their manufacture that is not at this moment very much affected by it.

2695. Have you formed any opinion as to whether the climate of India is detrimental to the worm?—I should think not; my impression is, from the facts that have fallen under my observation, that there is no cultivation likely to give a greater return; but it appears to me the system of management must be wholly changed. I can conceive that capital would be very advantageously invested in the production of the mulberry-tree, but that the peasant most undoubtedly has all the benefit of the production of the silk. Now, as I understand the evidence that has been given, the habit now is for the Company to fix a price, and to purchase at its own price the produce of the peasant; in fact, to lend him capital. I cannot think that that is at all a plan which is likely to be a successful one. If the proprietor of the land cultivated the mulberry-tree, and sold at a reasonable price the leaves to the peasant, he would require exceedingly little capital for the production of the silk.

2696. You did not state when the silkworms were brought in from China?—About 25 years ago.

2697. Is there any account given of them anywhere?—There is an account given of them, I think, in the annals of the Segusian district; I have only an incomplete set of these annals.